



CAUTION

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Thank you for your assistance.

Archives and Records Staff

00A #4

MF111134

INUT 12182
INUT 12183
#06763

State Lease	Control	Base File	County
MF111134	07-032249	100588	CULBERSON
MF111134	07-032267	100590	CULBERSON
MF111134	07-032276	129067	CULBERSON
MF111134	07-032285	143965	CULBERSON

Survey	PUBLIC SCHOOL LAND	
Block	111	
Block Name		
Township		
Section/Tract	1, 4, 5	
Land Part	ALL, N 392.2 AC, SE/4 SE/ and etc.	
Part Description		
Acres	1175.9	
Depth Below	Depth Above	Depth Other

Leasing: PR
Analyst: DR
Maps: RL
GIS: EC

Name	LEGEND NATURAL GAS IV, LP
Lease Date	5/25/2010
Primary Term	5 yrs
Bonus (\$)	\$0.00
Rental (\$)	\$0.00
Lease Royalty	0.0000

ATTENTION FILE USERS!
This file has been placed in table
of contents order.
RETURN TO VAULT WITH
DOCUMENTS IN ORDER!

CONTENTS OF FILE NO. MF- 111134

1. Letter	5/18/10	scanned PJ	3-27-17
2. BAA Review	5/24/10		
3. Letter	5/27/10	scanned PJ	5-22-2017
4. Letter	6/11/10		
5. Lease A	6/14/10	scanned PJ	10-18-2017
6. Geo letter	7/30/10		
7. Email	8/3/10		
8. Rental payment - Lease A ^{2nd yr.} 5-24-11		scanned PJ	5-22-2016
9. RENTAL PAYMENT - 2nd yr. 5/17/11			
10. Delay Rental - 3rd yr. 2/24/12		scanned PJ	8-29-2018
11. Rental Payment - 4th yr. 04/12/2013			
Scanned SM 4/23/13			
See MF 111132 #11 for Assignment # 8672		scanned PJ	4-12-2019
12. Rentals - 5th yr. 05/15/2014			
See MF 111132 #13 for Assignment # 8979			
See # 9 in M-112402 For the Horseshoe Springs State Unit # 6763			
13. Email re 2 2nd yr. rentals 08/20/2014			
scanned PJ 10-28-14			
See MF 111132 #15 for Assignment # 9188			
See # 14 in M-111133 For the Horseshoe Spring State Unit # 7219			
scanned PJ 1-27-15			
See #s 17-23 for info on Horseshoe Springs State Unit ODA #4 including 2016 Dev. Plan			
scanned PJ 7-14-16			
14. Division Order 9-13-16			
scanned PJ 10-25-16			
15. Recon Billing 12/6/16			
scanned PJ 12-15-16			
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16. Agree to commingle 3/30/17			
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17. Recon Billing 10/13/17			
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18. Recon Billing 8/10/18			
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scanned PJ 4-12-2019			
19. iNut 12182 - API 42.109.33683 11/16/2022			
20. iNut 12183 - API 42.109.33684 11/16/2022			
See MF 111133 for iNuts 12177 & 12180			
scanned WIM 11-30-2022			
See MF 111133 #47 Division Order			
scanned PJ 1-26-2023			
See MF 111132 #46. Clarification And Correction of Amended Unit Agreement #06763 Horseshoe Springs State Unit 4/24/23			
scanned PJ 4-25-2023			
21. Surface Damages 5/12/23			
scanned PJ 5-24-2023			
See MF 111132 #48 Recorded Copy Clarification And Correction of Amended Unit Agreement #06763 Horseshoe Springs State Unit 6/7/23			
scanned PJ 6-13-2023			
see next →			

Contents of Mineral File Number: MF 111134

(see MF 111132 #50 - Designation
of Retained Tracts Horseshoe Springs State
Unit ODA #4)

scanned WM 2-27-2024

New
Clay Johnson Oil & Gas Properties

203 W. WALL, SUITE 202, MIDLAND, TEXAS 79701 *(432) 684-4110 FAX (432) 684-5166

May 18, 2010

GENERAL LAND OFFICE

Mr. Drew Reed
Stephen F. Austin Bldg.
1700 North Congress Ave.
Austin, TX 78701

Re: Approval Request, Oil and Gas Lease,
Mary Jane Barron, Culberson County, Texas

surface owner
Dear Drew:

The Deed Records of Culberson County, Texas indicate that Mary Jane Barron owns an undivided ~~88~~ ^{1/4} surface interest under the following mineral classified lands in Culberson County, Texas:

Block 114, PSL Survey

Sections 12, 13, 22, 23 & 24 for 3,200 acres

Block 113, PSL Survey

Parts of Sections 8 & 9, all of Sections 19, 20 & 24 for 3,404 acres

Block 111, PSL

All of Section 1 and part of Sections 4 & 5 for 1,175.9 acres

*7,779.9 gross ac
1,944.975 net ac*

A trade has recently been made for an Oil and Gas Lease covering the above interest based on the following terms: \$425.00 per net mineral acre for bonus consideration, 1/4th royalty for a Five (5) year term with escalated rentals of \$425.00 per acre for the ~~third~~ ^{fourth} year rentals. This offer is based on the fact that the rentals have not been paid for the last Oil and Gas Lease covering these lands.

If you have any questions please advise. Your prompt and favorable response will be greatly appreciated. Thank you for your time and consideration on this matter.

Respectfully,

Mary Kay Brasuel

1.
File No. MF111134

Keller

Date Filed: 5/18/10
Jerry Patterson, Commissioner

By JP

RAL REVIEW SHEET

Transaction # 6877

Geologist: R.W.

Lessor: Barron, Mary Jane

Lease Date: 5/25/2010

U: ☐

Lessee: Legend Natural Gas IV, LP

Gross Acres: 1175.9

Net Acres: 293.975

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
CULBERSON	07-032249	100588		1	111	00	PUBLIC SCHOOL LAND	1850
CULBERSON	07-032267	100590		4	111	00	PUBLIC SCHOOL LAND	1852
CULBERSON	07-032276	129067		4	111	00	PUBLIC SCHOOL LAND	4552
CULBERSON	07-032285	143965		5	111	00	PUBLIC SCHOOL LAND	6398

TERMS OFFERED

Primary Term: 5 years

Bonus/Acre: \$423.00

Rental/Acre: \$1.00

Royalty: 1/4

TERMS RECOMMENDED

Primary Term: 5 years

Bonus/Acre: \$423.00

Rental/Acre: \$1.00

Royalty: 1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
							Last Lease
MF106578	Clay Johnson	5/31/2006	5 years	\$75.00	\$1.00	1/5	
MF109592	Hallwood Energy, II, LP	7/28/2008	3 years	\$400.00	\$1.00	1/4	ADJACENT UI
							ADJACENT SO

Comments: Paid up rentals years 2 & 3. \$423.00 plus 2.00) 4th to be 425.00 paying up 5th.

Approved: _____

Thursday, August 05, 2010

5/24/10

RAL REVIEW SHEET

Transaction #

~~8794~~

Geologist:

R. Widmayer

Lessor:

Barron, Mary Jane

Lease Date:

5/19/2010

UL ☐

Lessee:

Clay Johnson Oil & Gas Properties

Gross Acres:

~~7778.9~~

Net Acres:

~~1944.975~~

LEASE DESCRIPTION

MF 111134 *see pg 3*

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
CULBERSON	07-032980	135675		12	114	00	PUBLIC SCHOOL LAND	5123
CULBERSON	07-032999	135676		13	114	00	PUBLIC SCHOOL LAND	5124
CULBERSON	07-033088	135677		22	114	00	PUBLIC SCHOOL LAND	5125
CULBERSON	07-033097	135678		23	114	00	PUBLIC SCHOOL LAND	5126
CULBERSON	07-033104	135679		24	114	00	PUBLIC SCHOOL LAND	5127

TERMS OFFERED

Primary Term:

5 years

Bonus/Acre:

\$423.00

Rental/Acre:

\$1.00

Royalty:

1/4

TERMS RECOMMENDED

Primary Term

5 years

Bonus/Acre

\$423.00

Rental/Acre

\$1.00

Royalty

1/4

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF106578	Clay Johnson	5/31/2006	5 years	\$75.00	\$1.00	1/5	Last Lease
MF109592	Hallwood Energy, II, LP	7/28/2008	3 years	\$400.00	\$1.00	1/4	Adjacent - UI
Pending	Devon Energy	5-6-2010	5 yrs	\$423.00	\$1.00	1/4	Adjacent South

Comments:

See lease for balance of property. Paid up rentals for the 2nd and 3rd years (\$423.00 plus \$2.00). 4th year rental will be \$425.00 per acre and will pay up the 5th year.

Approved:

M 5-24-10

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

TO: Jerry Patterson, Commissioner
Larry Laine, Chief Clerk
Bill Warnick, General Counsel
Louis Renaud, Deputy Commissioner

DATE: 21-May-10

FROM: Robert Hatter, Director of Mineral Leasing
Peter Boone, Chief Geologist

Applicant:	Clay Johnson Oil & Gas Properties	County:	CULBERSON
Prim. Term:	5 years	Bonus/Acre	\$423.00
Royalty:	1/4	Rental/Acre	\$1.00

Consideration

Recommended: TH Date: 5-24-10

Not Recommended: _____

Comments: See lease for balance of property. Paid up rentals for the 2nd and 3rd years (\$423.00 plus \$2.00). 4th year rental will be \$425.00 per acre and will pay up the 5th year.

✓ Lease Form

Recommended: RJH Date: 6/07/10

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner Date: 6/9/10

Recommended: CLR

Not Recommended: _____

Bill Warnick, General Counsel Date: 6/10/10

Recommended: WW

Not Recommended: _____

Larry Laine, Chief Clerk Date: 6/6/10

Approved: [Signature]

Not Approved: _____

Jerry Patterson, Commissioner Date: 6/15/10

Approved: Jerry E. Patterson

Not Approved: _____

07-032980 - Sec. 12 - blk. 114

07-032999 - Sec. 13 - blk. 114

07-033088 - Sec. ~~22~~ - " " - 07-033088

07-033097 - Sec. 23 - " "

07-033104 - Sec. 24 - " "

07-032702 - Sec. 8 - blk. 113

07-032711 - Sec. 9 - blk. 113 - NE/4

07-032720 - Sec. 9 - blk. 113 - S/2 + NW/4

07-032800 - Sec. 19 - blk. 113

07-032819 - Sec. 20 - " "

07-032855 - Sec. 24 - " "

✓ 07-032249 - Sec. 1 - blk. 111

✓ 07-032267 - Sec. 4 - blk. 111 - N/2 + SW/4 } + N/2 + SW/4

✓ 07-032276 - Sec. 4 - blk. 111 - SE/4 & SE } 10/40

✓ 07-032285 - Sec. 5, blk. 111

MF 111134

640 gr 160 net
150/600

48.5 net ac

~~35.43~~ 640/143.70

on
lease:
N39°22'
ac

gross 98.05

2.

File No. MF 111134

BAA Review

Date Filed: 5/24/10

Jerry Patterson, Commissioner

By [Signature]

Clay Johnson Oil & Gas Properties

203 WEST WALL, SUITE 202* MIDLAND, TEXAS 79701 *(432) 684-4110* FAX (432) 684-5166



AAPL-CPL

May 27, 2010

GENERAL LAND OFFICE

Mr. Drew Reed
Stephen F. Austin Bldg.
1700 North Congress Ave.
Austin, TX 78701

Re: Approval Request, Oil and Gas Lease,
Block 114, PSL Survey
Sections 12, 13, 22, 23 & 24 for 3,200 acres
Block 113, PSL Survey
Parts of Sections 8 & 9, all of Sections 19, 20 & 24 for 3,404 acres
Block 111, PSL
All of Section 1 and part of Sections 4 & 5 for 1,175.9 acres
Culberson County, Texas

Dear Drew:

The Deed Records of Culberson County, Texas indicate that Mary Jane Barron owns an undivided 1/4 surface interest under the above referenced mineral classified lands.

A trade has recently been made for an Oil and Gas Lease covering the above interest based on the following terms: \$425.00 per net mineral acre for bonus consideration, 1/4th royalty for a Five (5) year lease, with escalated rentals for the fourth year at \$425.00 per acre.

I have enclosed copies of these lease for the approval of the General Land Office, as well as a personal check in the amount of \$100.00 for the States processing fee.

If you have any questions please advise. Your prompt and favorable response will be greatly appreciated. Thank you for your time and consideration on this matter.

Respectfully,

A handwritten signature in cursive script that reads "M. K. Brasuel".

Mary Kay Brasuel

Enclosures:

3

File No: MF 111134

Letter

Date Filed: 5/27/10

Jerry Patterson, Commissioner

By: [Signature]

Clay Johnson Oil & Gas Properties

203 WEST WALL, SUITE 202* MIDLAND, TEXAS 79701 *(432) 684-4110* FAX (432) 684-5166



AAPL-CPL

June 11, 2010

GENERAL LAND OFFICE

Mr. Drew Reid
Stephen F. Austin Bldg.
1700 North Congress Ave.
Austin, TX 78701

Re: Relinquishment Act Leases
Culberson County, Texas

Dear Drew:

Find enclosed for your files and further handling a certified file stamped copy of the following described Relinquishment Act Oil and Gas Leases and bonus checks:

- 1) Oil and Gas Lease dated May 25, 2010, by and between The State of Texas, acting by and through its agent, Mary Jane Barron, Individually and as Trustee of the Mary Jane Barron Revocable Living Trust, as Lessor and Legend Natural Gas IV, LP, as Lessee, file stamped #65560, Culberson County, Texas.
- 2) Oil and Gas Lease dated May 25, 2010, by and between The State of Texas, acting by and through its agent, Mary Jane Barron, Individually and as Trustee of the Mary Jane Barron Revocable Living Trust, as Lessor and Legend Natural Gas IV, LP, as Lessee, file stamped #65561, Culberson County, Texas.
- 3) Oil and Gas Lease dated May 25, 2010, by and between The State of Texas, acting by and through its agent, Mary Jane Barron, Individually and as Trustee of the Mary Jane Barron Revocable Living Trust, as Lessor and Legend Natural Gas IV, LP, as Lessee, file stamped #65562, Culberson County, Texas.

Also enclosed is Legend Natural Gas IV, LP check no. 1564 in the amount of \$393,969.69 as payment for the State's 1/2 bonus due for the above leases. To cover the required filing fees for handling this matter find enclosed Clay Johnson Check in the amount of \$75.00 made payable to the order of General Land Office - State of Texas.

Respectfully

A handwritten signature in black ink that reads "M. Kay Brasuel". The signature is written in a cursive, flowing style.

Mary Kay Brasuel

Enclosures:

4.
File No. MF111134

Letter

Date Filed: 6/11/10
Jerry Patterson, Commissioner

By [Signature]

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 25th day of May, 2010, between the State of Texas, acting by and through its agent, Mary Jane Barron, Individually and as Trustee of the Mary Jane Barron Revocable Living Trust

of 10 Rio Bonito Circle, Roswell, New Mexico 88201

said agent

(Give Permanent Address)

herein referred to as the owner of the soil (whether one or more), and LEGEND NATURAL GAS IV, LP

of 410 W. Grand Parkway South, Suite 400

Katy, Texas 77494

(Give Permanent Address)

hereinafter called Lessee.

1. GRANTING CLAUSE For and in consideration of the amounts stated below and of the covenants and agreements to be paid, kept and performed by Lessee under this lease, the State of Texas acting by and through the owner of the soil, hereby grants, leases and lets unto Lessee, for the sole and only purpose of prospecting and drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil and building power Stations, telephone lines and other Structures thereon, to produce, save, take care of, treat and transport said products of the lease, the following lands situated in Culberson County, State of Texas, to-wit:

Block 111, Public School Land Survey

A-1850 Section 1: All
A-1854 Section 4: North 392.20 acres, described by metes and bounds in that certain Oil and Gas Lease dated July 5, 1957, recorded in vol. 6, page 565, Oil and Gas Records, Culberson County, Texas
A-6398 Section 5: North 143.70 acres, described by metes and bounds in that certain Oil and Gas Lease dated July 5, 1957, recorded in vol. 6, page 565, Oil and Gas Records, Culberson County, Texas

Containing 1,175.90 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Sixty-two Thousand Four Hundred Sixty-nine and 69/100-----
Dollars (\$ 62,469.69)

To the owner of the soil: Sixty-two Thousand Four Hundred Sixty-nine and 69/100-----
Dollars (\$ 62,469.69)

Total bonus consideration: One Hundred Twenty-four Thousand Nine Hundred Thirty-nine and 38/100-----
Dollars (\$ 124,939.38)

The total bonus consideration paid represents a bonus of Four Hundred Twenty-five and No/100-----
Dollars (\$ 425.00) per acre, on 293.975 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Five (5) years from this date (herein called primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the Pay direct to Lessor at the above address Bank, at, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: One Hundred Forty-six and 99/100-----
Dollars (\$ 146.99 *)

To the State of Texas: One Hundred Forty-six and 99/100-----
Dollars (\$ 146.99 *)

Total Rental: Two Hundred Ninety-three and 98/100-----
Dollars (\$ 293.98 **)

(*, ** See attached Exhibit "A" for Amended Delay Rental Provision)

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: June 2, 2010



LINDA M. DONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

BY Theresa A. Berry DEPUTY

In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

4. PRODUCTION ROYALTIES Upon production of oil and/or gas, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to the owner of the soil:

(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4th part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived in writing by the royalty owners upon such terms and conditions as they prescribe.

(B) NON PROCESSED GAS. Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) shall be 1/4th part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) PROCESSED GAS. Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4th part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) OTHER PRODUCTS. Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be casinghead, "dry," or any other gas, by fractionating, burning or any other processing shall be 1/4th part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

5. MINIMUM ROYALTY. During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK

ATTEST:

June 2, 2010



LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

BY Theresa D. Bay DEPUTY

(C) PENALTIES. Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the General Land Office when due. The penalty for late filing shall be set by the General Land Office administrative rule which is effective on the date when the materials were due in the General Land Office.

11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.

13. CESSATION, DRILLING, AND REWORKING. If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

14. SHUT-IN ROYALTIES. For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

15. COMPENSATORY ROYALTIES. If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises. If the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period. Compensatory royalty payments

IF IT BEARS THE SEAL OF THE COUNTY CLERK

ATTEST: *June 2, 2010*



LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

By *Theresa Brown* DEPUTY

11.41.9

which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.

16. **RETAINED ACREAGE.** Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.

(A) **VERTICAL.** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Texas Natural Resources Code 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and right-of-ways for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

(B) **HORIZONTAL.** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16(A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

(C) **IDENTIFICATION AND FILING.** The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the Commissioner of the General Land Office. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes.

17. **OFFSET WELLS.** Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.

18. **FORCE MAJEURE.** If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.

IF IT BEARS THE SEAL OF THE COUNTY CLERK

ATTEST: June 2, 2010



LINDA MCDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

BY Vernon S. Bury DEPUTY

19. **WARRANTY CLAUSE.** The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.

20. (A) **PROPORTIONATE REDUCTION CLAUSE.** If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.

(B) **REDUCTION OF PAYMENTS.** If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, or if at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

21. **USE OF WATER.** Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for watertlood operations without the prior consent of the owner of the soil.

22. **AUTHORIZED DAMAGES.** Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.

23. **PIPELINE DEPTH.** When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

24. **WELL LOCATION LIMIT.** No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.

25. **POLLUTION.** In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties. Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.

26. **REMOVAL OF EQUIPMENT.** Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

27. (A) **ASSIGNMENTS.** Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to

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ATTEST: *June 4, 2010*



LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

By *Vernita S. Barr* DEPUTY

pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior assignee of the lease, including any liabilities to the State for unpaid royalties.

(B) **ASSIGNMENT LIMITATION.** Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

- (1) a nominee of the owner of the soil;
- (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
- (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
- (4) a principal stockholder or employee of the corporation which is the owner of the soil;
- (5) a partner or employee in a partnership which is the owner of the soil;
- (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
- (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.

28. **RELEASES.** Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.

29. **FILING OF ASSIGNMENTS AND RELEASES.** If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.

30. **DISCLOSURE CLAUSE.** All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.

31. **FIDUCIARY DUTY.** The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.

32. **FORFEITURE.** If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

33. **LIEN.** In accordance with Texas Natural Resources Code 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by Texas Natural Resources Code 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court



proceedings in the manner provided in the Title I, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

34. **POOLING.** Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.153. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.

35. **INDEMNITY.** Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. **EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDENINIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.**

36. **ENVIRONMENTAL HAZARDS.** Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. **LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (I) A VIOLATION OF THE FOREGOING PROHIBITION OR (II) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.**

37. **APPLICABLE LAW.** This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.

07.47.9

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK

ATTEST:



LINDA M. DONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

BY: *Vernice D. Bony* DEPUTY

38. EXECUTION. This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. LEASE FILING. Pursuant to Chapter 9 of the Texas Business and Commerce Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

40. See attached Exhibit "A" for additional provisions.

LEGEND NATURAL GAS IV, LP

Carl Wimberley
Carl Wimberley, Vice President
Date: 5/28/2010

STATE OF TEXAS

BY: Mary Jane Barron
Individually and as agent for the State of Texas
Mary Jane Barron, Individually and as Trustee of the
Mary Jane Barron Revocable Living Trust

TAX ID NO: [REDACTED]
DATE: 5/25/10

STATE OF TEXAS

COUNTY OF Harris

BEFORE ME, the undersigned authority, on this day personally appeared Carl Wimberley known to me to be the person whose name is subscribed to the foregoing instrument, as Vice President of Legend Natural Gas IV, LP, a Delaware limited partnership, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said partnership.

Given under my hand and seal of office this 28th day of May, 2010.



Melody A. Lanier
Notary Public in and for the State of TEXAS

STATE OF TEXAS

BY: _____
Individually and as agent for the State of Texas

TAX ID NO: [REDACTED]
DATE: 5/28/10

(CORPORATE ACKNOWLEDGMENT)

STATE OF NEW MEXICO

COUNTY OF Chaves

(INDIVIDUAL ACKNOWLEDGMENT)

Before me, the undersigned authority, on this day personally appeared Mary Jane Barron, Individually and as Trustee of the Mary Jane Barron Revocable Living Trust known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 25th day of MAY, 2010.

Susan L. Rangel
Notary Public in and for the State of TEXAS New Mexico

IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: June 2, 2010



LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

BY: Veronica [Signature]

EXHIBIT "A"

ATTACHED TO AND MADE PART OF THAT CERTAIN OIL AND GAS LEASE
DATED MAY 25, 2010, BY AND BETWEEN THE STATE OF TEXAS, ACTING BY AND
THROUGH ITS AGENT, MARY JANE BARRON, INDIVIDUALLY AND AS TRUSTEE OF THE MARY JANE
BARRON REVOCABLE LIVING TRUST, AS LESSOR, AND
LEGEND NATURAL GAS IV, LP, AS LESSEE

1. If, at the expiration of the primary term, this lease is being maintained in force under any provision of the lease, or within 180 days prior to the expiration of the primary term Lessee has completed a well as a dry hole or commenced a well on the leased premises or lands pooled therewith, or Lessee is then engaged in operations on the leased premises or lands pooled therewith, Lessee agrees to begin a continuous drilling program within 180 days after the end of the primary term or within 180 days after completion of such well or the cessation of such operations, whichever is the later date; and thereafter to carry on the continuous drilling program on the leased premises or lands pooled therewith until all proration units have been drilled, allowing not more than 180 days to elapse between the completion of one well and the commencement of the succeeding well. Should Lessee fail to begin the continuous drilling program or subsequently default in the performance thereof, then in either event, this lease shall terminate as to all lands covered hereby, save and except for the proration unit surrounding each well then producing, capable of producing or upon which operations are being conducted, limited, respectively, to those depths from the surface down to the stratigraphic equivalent of the depth 100 feet below the total depth drilled in any such proration unit. As used in this paragraph: i) the term "commission" means the Railroad Commission of the State of Texas or any successor agency, ii) the term "proration unit" means any acreage designated as a drilling unit or production unit in accordance with the rules of the commission (or any other governmental authority having jurisdiction) or any unit formed by pooling as provided in this lease or otherwise, iii) the terms "commenced" and "commencement" mean the date when a well is spudded, and iv) the terms "completed" and "completion" mean the date the initial potential test report is filed with the commission, if a productive well, or the date the plugging report is filed with the commission, if a dry hole. Notwithstanding the partial termination of this lease, Lessee shall continue to have the rights of ingress and egress across all of the leased premises to and from lands that remain subject to this lease, or lands pooled therewith, for the purposes described in paragraph 1 hereof, together with easements and rights of way for roads, pipelines, flowlines and other facilities on or across all of the leased premises for the exploration, development, production, gathering or transportation of oil, gas and other products from the lands still subject to this lease or lands pooled therewith. The sole liability or penalty for the failure of Lessee to drill any well or wells required or permitted by this lease shall be the termination or partial termination of Lessee's rights under the lease as provided above.

In conducting such continuous drilling program, Lessee shall be entitled to accumulate and later use time, if any, saved between wells, beginning with the second well under the continuous drilling program. If one well is commenced sooner than 180 days after the completion of the last preceding well, the portion of the prescribed 180 day period not used may be carried forward and added to the period between subsequent wells.

2. Amended Delay Rental Provision:

*As to any rentals that may be paid on or before the 1st, 2nd and 4th anniversary date.

In the event that delay rentals are paid on or before the 2nd anniversary date (and after the 3rd anniversary date), they shall be payable in the amount of \$146.99.

**Except that if delay rentals are paid on or before the 3rd anniversary date (and after the 2nd anniversary date), the total rental paid shall be \$124,939.38.

Notwithstanding anything herein to the contrary, Paragraph 5 (minimum royalty) and Paragraph 14 (shut-in royalty) refer to their computation to the delay rentals provided in Paragraph 3 herein. The undersigned do hereby recognize and acknowledge that minimum royalty and shut-in royalties due herein are payable in the amount of \$293.98. Of such amount, \$146.99 is payable to the owner of the soil as provided herein and \$146.99 is payable to the State of Texas as provided herein.

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK

ATTEST: *June 2, 2010*

LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

BY *Umaria D. Bay* DEPUTY

5.

File No. MF 11138
Lease-A
Date Filed: 6/14/10
Jerry Patterson, Commissioner
By JP

THE STATE OF TEXAS

COUNTY OF CULBERSON I, Linda McDonald, Clerk of the County Court in and for said County and State, do hereby certify that the foregoing is a true and correct copy of Oil And Gas dated May 25 2010 filed for record in my office this 2nd day of June 2010 at 3:08 P.M, under Clerk's File No. 65560 to be recorded in the Oil And Gas Records of Culberson County Texas.

TO CERTIFY WHICH, Witness my hand and seal at Van Horn this 2nd day of June 2010

By Vanessa D. Bouge Deputy LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

0.14.10

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

July 30, 2010

Carl Wimberley
Legend Natural Gas IV, LP
410 W Grand Parkway South, Suite 400
Katy, TX 77494

Re: Relinquishment Act Lease dated May 25, 2010- **MF-111134A**
293.975 net ac in Sec 1,4,5, Block 111 PSL Survey, Culberson Co TX
Mary Jane Barron, as Agent for the State of TX, Lessor

Dear Mr. Wimberley:

The certified copy of the Relinquishment Act lease covering the above referenced tract has been approved and filed in our records under Mineral File number **MF-111134A**. **Please refer to this number when making payments to the State and in all future correspondence concerning the lease. Failure to include the mineral file number may delay processing of any payments towards the lease.**

Your remittance of **\$62,469.69** (out of your total check of \$393,969.69) has been applied to the State's portion of the cash bonus. Please let me know if you have any questions.

Sincerely yours,

Drew Reid
Minerals Leasing
Energy Resources
(512) 475-1534
drew.reid@glo.state.tx.us

xc: Clay Johnson, 203 West Wall, Suite 202, Midland TX 79701

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

6.

File No MF 111134

Sto letter

Date Filed: 7/30/10

Jerry Patterson, Commissioner

By JP

From: Jesse Arellano
To: Dunne, Harriet
Date: 8/3/2010 5:35 PM
Subject: Re: Control No. 07-032267

Look like we need to add **SE/4**

MF 111134

Survey Name PUBLIC SCHOOL LAND
Part Of N2 & SW4 & N2 & SW4 OF **SE/4**
Section/Tract

Thanks.
ja

>>> Harriet Dunne 8/3/2010 2:28 PM >>>

Jesse, in Globase this control no. is lands in Sec 4, Blk 111, Culberson Co, described as:
N/2 and SW/4 and N/2 and SW/4

Of course, that cannot be right. Would appreciate your checking this description for accuracy and letting me know. We have just leased this property and I would like to get it in Globase correctly.

Thanks,

Harriet Dunne
512-475-1579

7.

File No. MF 111134
mail - clearing up
land description
Date Filed: 8/5/10
Jerry E. Patterson, Commissioner
By [Signature]

LEASE NO.	LEASE DATE	COUNTY	ST	RECORDED BOOK	PAGE	RENTAL PERIOD MOS.	BEGINNING
4003-01	05/25/10	CULBERSON	TX	101	404	12	05/25/11
MARY JANE BARRON, INDIVIDUALLY AND AS TRUSTEE						Serial # MF-111134A	
PROPERTY DESCRIPTION:							
Prospect: BONE SPRING SHALE PROSPECT							

BLOCK 111, PSL SURVEY

SECTION 1: ALL;

SECTION 4: NORTH 392.20 ACRES, DESCRIBED BY
METES AND BOUNDS IN THAT CERTAIN OIL AND GAS
LEASE DATED JULY 5, 1957, RECORDED IN VOL. 6,
PAGE 565, OIL AND GAS RECORDS, CULBERSON
COUNTY, TEXAS;

SECTION 5: NORTH 143.40 ACRES, DESCRIBED BY
METES AND BOUNDS IN THAT CERTAIN OIL AND GAS
LEASE DATED JULY 5, 1957, RECORDED IN VOL. 6,
PAGE 565, OIL AND GAS RECORDS, CULBERSON
COUNTY, TEXAS

11710903

DEPOSIT TO THE CREDIT OF:

TOTAL AMOUNT:	146.99
RENTAL AMOUNT:	146.99
BANK CHARGE:	

PAYABLE TO:
Texas General Land Office
Stephen F Austin Bldg
1700 North Congress Ave
Austin, TX 78701-1495

ACCOUNT NO.



410 W. Grand Parkway South
Suite 400
Katy, TX 77494

(281) 644-5900
Fax: (281) 644-5901

May 23, 2011

Texas General Land Office
Minerals Leasing
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

Via Federal Express Overnight

Rental Payments for **MF111132A**, **MF111133A**, and **MF111134A**

Ladies and Gentlemen:

Enclosed, please find the following checks totaling \$926.99 to cover the rental payments for the following leases and lands:

MF111132A	800 net acres in Sec 12, 13, 22, 23, 24, Block 114, PSL Survey, Culberson County, Texas; Mary Jane Barron as Agent for the State of Texas as Lessor; Relinquishment Act Lease dated May 25, 2010
MF111133A	760 net acres in Sec 8, 9, 19, 20, 24, Block 113, PSL Survey, Culberson County, Texas; Mary Jane Barron as Agent for the State of Texas as Lessor; Relinquishment Act Lease dated May 25, 2010
MF111134A	293.975 net acres in Sec 1, 4, 5, Block 111, PSL Survey, Culberson County, Texas; Mary Jane Barron as Agent for the State of Texas as Lessor; Relinquishment Act Lease dated May 25, 2010

If you have any questions, please do not hesitate to contact me directly at (281) 644-5953 or email me at cnathanson@lng2.com.

We request that you please sign and return the additional copy of this letter in the self-addressed stamped envelope, evidencing your receipt of these payments.

Sincerely,

Coby Nathanson
Staff Attorney

RECEIVED THIS 24th DAY OF May, 2011.

BY: TX General Land Office
[Signature]

8.

File No. MF 111134

Capital Payment

Lease A

Date Filed: 5-24-11

Jerry E. Paterson, Commissioner

By [Signature]

LEASE NO.	LEASE DATE	COUNTY	ST	RECORDED BOOK	PAGE	RENTAL PERIOD MOS.	BEGINNING
4003-01	05/25/10	CULBERSON	TX	101	404	12	05/25/11
MARY JANE BARRON, INDIVIDUALLY AND AS TRUSTEE						Serial # MF-111134A	
PROPERTY DESCRIPTION:							
Prospect: BONE SPRING SHALE PROSPECT							

11710593

BLOCK 111, PSL SURVEY
SECTION 1: ALL;
SECTION 4: NORTH 392.20 ACRES, DESCRIBED BY
METES AND BOUNDS IN THAT CERTAIN OIL AND GAS
LEASE DATED JULY 5, 1957, RECORDED IN VOL. 6,
PAGE 565, OIL AND GAS RECORDS, CULBERSON
COUNTY, TEXAS;
SECTION 5: NORTH 143.40 ACRES, DESCRIBED BY
METES AND BOUNDS IN THAT CERTAIN OIL AND GAS
LEASE DATED JULY 5, 1957, RECORDED IN VOL. 6,
PAGE 565, OIL AND GAS RECORDS, CULBERSON
COUNTY, TEXAS

DEPOSIT TO THE CREDIT OF:

TOTAL AMOUNT:	146.99
RENTAL AMOUNT:	146.99
BANK CHARGE:	

PAYABLE TO:
Texas General Land Office
Stephen F Austin Bldg
1700 North Congress Ave
Austin, TX 78701-1495

ACCOUNT NO.



410 W. Grand Parkway South
Suite 400
Katy, TX 77494

(281) 644-5900
Fax: (281) 644-5901

May 16, 2011

Texas General Land Office
Minerals Leasing
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

Via Federal Express Overnight

Rental Payments for **MF111132A**, **MF111133A**, and **MF111134A**

Ladies and Gentlemen:

Enclosed, please find the following checks totaling \$926.99 to cover the rental payments for the following leases and lands:

MF111132A	800 net acres in Sec 12, 13, 22, 23, 24, Block 114, PSL Survey, Culberson County, Texas; Mary Jane Barron as Agent for the State of Texas as Lessor; Relinquishment Act Lease dated May 25, 2010
MF111133A	760 net acres in Sec 8, 9, 19, 20, 24, Block 113, PSL Survey, Culberson County, Texas; Mary Jane Barron as Agent for the State of Texas as Lessor; Relinquishment Act Lease dated May 25, 2010
MF111134A	293.975 net acres in Sec 1, 4, 5, Block 111, PSL Survey, Culberson County, Texas; Mary Jane Barron as Agent for the State of Texas as Lessor; Relinquishment Act Lease dated May 25, 2010

If you have any questions, please do not hesitate to contact me directly at (281) 644-5953 or email me at cnathanson@lng2.com.

We request that you please sign and return the additional copy of this letter in the self-addressed stamped envelope, evidencing your receipt of these payments.

Sincerely,

Coby Nathanson
Staff Attorney

RECEIVED THIS 17th DAY OF May, 2011.

BY: Mineral Leasing

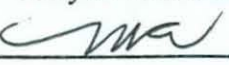
(9)

File No. MF- 111134-A

RENTAL PAYMENT

Date Filed: 5/17/11

Jerry E. Patterson, Commissioner

By 

LEASE NO	LEASE DATE	COUNTY	ST.	BOOK	PAGE	MOS.	BEGINNING
TX1703-044-01	05/25/10	CULBERSON	TX	101	404	12	05/25/12

CHECK DATE 02/10/12 TOTAL AMT: 146.99

REMARKS:

051085

DEPOSIT TO THE CREDIT OF:
TAX I.D.:
PAYABLE TO:
COMMISSIONER OF THE TEXAS

IMPORTANT

The attached check is for the person(s) named above. **PLEASE DATE, SIGN AND RETURN THIS RECEIPT** in the return envelope provided. If directed to a bank, please deposit the amount to the credit of the person(s) named above and date, sign and return the receipt on the day you receive it. If correspondence is required, please make reference to lease number.

DATE: FEB 24 2012

SIGN HERE: RENTAL PAYMENT

PETROHAWK ENERGY CORPORATION

1000 LOUISIANA STREET, SUITE 5600 • HOUSTON, TX 77002 832-204-2799

CHECK NO.

051085

IN PAYMENT OF DELAY RENTAL SHUT-IN ROYALTY/MIN. ROYALTY TO PARTY OR PARTIES NAMED BELOW PURSUANT TO THE TERMS OF LEASE IDENTIFIED HEREIN

LEASE NO	LEASE DATE	COUNTY	ST.	RECORDED		RENTAL PERIOD	
				BOOK	PAGE	MOS.	BEGINNING

TX1703-044-01 05/25/10 CULBERSON
STATE OF TEXAS, ACTING BY AND THROUGH

TX 101 404 12 05/25/12

PROPERTY DESCRIPTION:

Prospect: NORTH REEVES PROSPECT

MF 111/34A

PUBLIC SCHOOL LAND, A-6398 Twp Blk Sec
111 5

12707576

Gr acs: 143.7000 Net acs: 35.9250

SEC. 5, BLOCK 111, PUBLIC SCHOOL LAND SURVEY,

NORTH 143.70 ACRES, DESCRIBED BY METES AND

BOUNDS IN THAT CERTAIN OIL AND GAS LEASE DTD.

7/5/1957, RECORDED IN VOL. 6, PG. 565, OIL AND

GAS RECORDS, CULBERSON COUNTY, TEXAS

COPY

PUBLIC SCHOOL LAND, A--1850 Twp Blk Sec
111 1

Gr acs: 640.0000 Net acs: 160.0000

SECTION 1, BLOCK 111, PUBLIC SCHOOL LAND

SURVEY, ALL

PUBLIC SCHOOL LAND, A--1852 Twp Blk Sec
111 4

Gr acs: 392.2000 Net acs: 98.0500

SEC. 4, BLOCK 111, PUBLIC SCHOOL LAND SURVEY,

* Refer to lease document for further description *

*121*DEPOSIT TO THE CREDIT OF:

TOTAL AMOUNT:

146.99

RENTAL AMOUNT:

146.99

BANK CHARGE:

*3rd yr Rental**G
A*

PAYABLE TO:

COMMISSIONER OF THE TEXAS

GENERAL LAND OFFICE

1700 N CONGRESS AVE

STEPHEN F AUSTIN STATE

OFFICE BUILDING

ACCOUNT NO.

10

File No. MF 111134
Delay Rental A
Date Filed: 2/27/12
By Jerry E. Patterson, Commissioner
EA

PETROHAWK ENERGY CORPORATION

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

13709297

157052

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
LAND NORTH REEVES PROSPECT	3/25/13	1489	62,469.69			62,469.69
mf 111134			Ⓟ			
					121	
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 04/02/13	TOTAL	\$62,469.69

PETROHAWK ENERGY CORPORATION

1360 POST OAK BLVD., SUITE 1900CT • HOUSTON, TX 77056 inquiry@bhpbilliton.com

13709297

157052

CHECK NO.

REFERENCE	INVOICE DATE	INVOICE NO.	INVOICE AMT.	PRIOR PAYMENT	DISCOUNT	AMOUNT PAID
LAND	3/25/13 NORTH REEVES PROSPECT	1489 <i>mf11134</i>	62,469.69			62,469.69
437294 COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE				CHECK DATE 04/02/13	TOTAL	\$62,469.69

BOLO-200

WARNING: DO NOT ACCEPT THIS DOCUMENT UNLESS YOU CAN SEE A WATERMARK.

PETROHAWK ENERGY CORPORATION

ACCOUNTS PAYABLE DISBURSEMENT ACCOUNT

1360 POST OAK BLVD., SUITE 1900CT

HOUSTON, TX 77056

inquiry@bhpbilliton.com

Bank of America

64 - 1278 / 611 GA

DATE

04/02/13

157052

13709297

PAY Sixty-Two Thousand Four Hundred Sixty-Nine Dollars And Sixty-Nine Cents*****

COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE
 ATTENTION MINERAL LEASING
 1700 N CONGRESS AVE
 AUSTIN, TX 78701 USA

AMOUNT \$*****62,469.69

 TO THE
ORDER
OF

VOID AFTER 180 DAYS



157052

Check Receipt

Check No.: 157052

Check Date: 4/2/2013

Period Covered:

5/25/2013-5/25/2014

Payment Type: DELAY RENTAL

Payment Amount: \$62,469.69

Lease Number: TX1703-044-001

Original Lessor: STATE OF TEXAS ET AL

Lease Effective Date: 5/25/2010

Recording Information: DOC65560 B101 P404

State: TX

County: CULBERSON

Check Remarks:

MF111134. PAYMENT REPRESENTS DELAY RENTAL DUE PURSUANT TO THE TERMS OF THE LEASE. BLK 111, SEC 1, 4, 5.



resourcing the future

BHP BILLITON PETROLEUM (FAYETTEVILLE)
ATTN LAND ADMINISTRATION
1360 POST OAK BLVD STE 150
HOUSTON, TX 77056

Owner Relations:

1-877-311-1443

For the Credit of:

(BA#): 437294-1

Payment Amount: \$62,469.69

IMPORTANT

PLEASE SIGN AND RETURN

Date Received 04/12/2013

Sign Here

A handwritten signature in black ink, appearing to read "Linda Price for GLO", written over a horizontal line.

By _____

Title

Owner:

Address:

COMMISSIONER OF THE TEXAS GENERAL LAND
OFFICE
1700 N CONGRESS AVE STEPHEN F AUSTIN STATE
AUSTIN, TX 78701

File No. MF111134

11

Rental Payment

Date Filed: 04/12/2013

Jerry E. Patterson, Commissioner

By JEP

14712272

175065 0415 1 000001 000001 001/004

Check No.: 202489

Payment Type: DELAY RENTAL

Period Covered: 05/25/2014-05/25/2015

Payment Amount: \$146.99

Lease Number: 1044408/001 LSE

Original Lessor: MARY JANE BARRON ET AL

Lease Effective Date: 05/25/2010

Recording Information: Book # 101 Page # 404, 65560

State: TX

County: CULBERSON

Check Remarks:

DELAY RENTAL FOR THE 5TH YEAR

BLK 111 SEC 1, 4, 5

MF111134

RENTAL PAYMENT

5th yr.

(P)

121

For the Credit of:

Owner: COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING

(BA#):80104210

Payment Amount: ~~\$146.99~~Address: 1700 N CONGRESS AVE
AUSTIN, TX 78701

14712272

175065 0415 1 000001 000001 001/004

Check No.: 202489
Payment Type: DELAY RENTAL

Period Covered: 05/25/2014-05/25/2015
Payment Amount: \$146.99

Lease Number: 1044408/001 LSE

Original Lessor: MARY JANE BARRON ET AL

Lease Effective Date: 05/25/2010

Recording Information: Book # 101 Page # 404, 65560

State: TX

County: CULBERSON

Check Remarks:
DELAY RENTAL FOR THE 5TH YEAR

BLK 111 SEC 1, 4, 5

MF111134

For the Credit of:

Owner: COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING
Address: 1700 N CONGRESS AVE
AUSTIN, TX 78701

(BA#):80104210

Payment Amount: \$146.99

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT.

CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.



PETROHAWK ENERGY CORPORATION
ATTN LAND ADMINISTRATION
P.O. BOX 22719
HOUSTON, TX 77027-9998

Bank of America 1455 Market St. 4th Fl
San Francisco CA 94103

32-1
1110 GL

14712272
DATE 04/15/2014 CHECK NO. 202489

AMOUNT *****\$146.99

PAY *****146*DOLLARS AND* 99*CENTS

VOID IF NOT CASHED WITHIN
SIX MONTHS OF ISSUE

NON TRANSFERABLE

Owner Call Center: 1-877-311-1443

PAY
TO
THE
ORDER
OF

COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE ATN MINERAL LEASING
1700 N CONGRESS AVE
AUSTIN, TX 78701

David Powell
FACSIMILE SIGNATURE

Jeffrey J. Sells
FACSIMILE SIGNATURE

⑈000202489⑈

2-12-14

File No. MF111134
Rentals - 5th yr.
Date Filed: 05/15/2014
By Jerry E. Patterson, Commissioner

Linda Price - State Leases MF111132A, MF111133A and MF111134A

From: Linda Price
To: cnathanson@lng2.com
Date: 8/20/2014 10:15 AM
Subject: State Leases MF111132A, MF111133A and MF111134A

Coby:

I found a cover letter from you attached to delay rental payments made by Legend Natural Gas IV, LP for State Leases MF111132A, MF111133A and MF111134A, which were received into the GLO on May 17, 2011 and May 24, 2011 (see attached). It appears that the second checks resulted in the second year rentals being paid twice.

Therefore, if you would like to request a refund of the payments made on May 24, 2011, please do so as follows:

Send me a written request (a separate email from this one is fine)
State the reason for the request
Include the Federal Tax Identification number for Legend Natural Gas IV, LP
State the name, title, phone number, email and mailing address of the person at Legend that the State of Texas Comptroller's Office may contact to discuss the refund request, if necessary.

If you no longer handle delay rental matters at Legend, please forward this email to the appropriate person at Legend who does handle delay rental matters and copy me for our records.

Thank you.
Linda

Linda Price, RL
Texas General Land Office
Energy Resources, Mineral Leasing
Phone: (512) 463-5118
Fax: (512) 475-1543
Linda.Price@glo.texas.gov

Mailing Address:
P. O. Box 12873 Austin, Texas 78711-2873

Physical Address:
1700 N. Congress Avenue
Austin, Texas 78701-1495



LEGEND

NATURAL GAS IV, LP

410 W. Grand Parkway South
Suite 400
Katy, TX 77494

May 16, 2011

Texas General Land Office
Minerals Leasing
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

Via Federal Express Overnight

Rental Payments for MF111132A, MF111133A, and MF111134A

Ladies and Gentlemen:

Enclosed, please find the following checks totaling \$926.99 to cover the rental payments for the following leases and lands:

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MF111133A	760 net acres in Sec 8, 9, 19, 20, 24, Block 113, PSL Survey, Culberson County, Texas; Mary Jane Barron as Agent for the State of Texas as Lessor; Relinquishment Act Lease dated May 25, 2010
MF111134A	293.975 net acres in Sec 1, 4, 5, Block 111, PSL Survey, Culberson County, Texas; Mary Jane Barron as Agent for the State of Texas as Lessor; Relinquishment Act Lease dated May 25, 2010

If you have any questions, please do not hesitate to contact me directly at (281) 644-5953 or email me at cnathanson@lng2.com.

We request that you please sign and return the additional copy of this letter in the self-addressed stamped envelope, evidencing your receipt of these payments.

Sincerely,

Coby Nathanson
Staff Attorney

RECEIVED THIS 17th DAY OF May, 2011.

BY: Mineral Leasing

LEASE NO.	LEASE DATE	COUNTY	ST	RECORDED BOOK	PAGE	RENTAL PERIOD MOS.	BEGINNING
4004-01	05/25/10	CULBERSON	TX	101	414	12	05/25/11

MARY JANE BARRON, INDIVIDUALLY AND AS TRUSTEE
Serial # MF-111132A

PROPERTY DESCRIPTION:

Prospect: BONE SPRING SHALE PROSPECT

BLOCK 114, PSL SURVEY

SECTION 12: ALL

SECTION 13: ALL

SECTION 22: ALL

SECTION 23: ALL

SECTION 24: ALL

RENTAL PAYMENT

2nd yr.

(P)

11710592

DEPOSIT TO THE CREDIT OF:

TOTAL AMOUNT:

400.00

RENTAL AMOUNT:

400.00

BANK CHARGE:

PAYABLE TO:

Texas General Land Office
Stephen F Austin Bldg
1700 North Congress Ave
Austin, TX 78701-1495

(P)

12/1

ACCOUNT NO.

BOLO-100

If you have any questions, please do not hesitate to contact me directly at (281) 644-5953 or email me at cnathanson@lng2.com.

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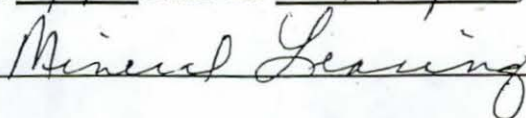
Sincerely,



Coby Nathanson
Staff Attorney

RECEIVED THIS 17th DAY OF May, 2011.

BY:



LEASE NO.	LEASE DATE	COUNTY	ST	RECORDED BOOK	PAGE	RENTAL PERIOD MOS.	BEGINNING
4005-01	05/25/10	CULBERSON	TX	101	424	12	05/25/11

MARY JANE BARRON, INDIVIDUALLY AND AS TRUSTEE
PROPERTY DESCRIPTION:
Prospect: BONE SPRING SHALE PROSPECT

Serial # MF-111133A

11710591

BLOCK 113, PSL SURVEY
SECTION 8: ALL, SAVE AND EXCEPT THAT PORTION OF
THE BEXAR PREEMPTION SURVEY 199 LYING WITHIN
THE BOUNDARIES OF SECTION 8;
SECTION 9: ALL, SAVE AND EXCEPT THAT BORTION OF
THE BEXAR PREEMPTION SURVEY 199 LYING WITHIN
THE BOUNDARIES OF SECTION 9;
SECTION 19: ALL;
SECTION 20: ALL;
SECTION 24: ALL

RENTAL PAYMENT

2nd yr. (P)

DEPOSIT TO THE CREDIT OF:

TOTAL AMOUNT: 380.00
RENTAL AMOUNT: 380.00
BANK CHARGE:

12/ X (P)

PAYABLE TO:
Texas General Land Office
Stephen F Austin Bldg
1700 North Congress Ave
Austin, TX 78701-1495

ACCOUNT NO.

BOLO-100

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Sincerely,

Coby Nathanson

Coby Nathanson
Staff Attorney

RECEIVED THIS 17th DAY OF May, 2011.

BY: Mineral Leasing

LEASE NO.	LEASE DATE	COUNTY	ST	RECORDED BOOK	PAGE	RENTAL PERIOD MOS. BEGINNING
4003-01	05/25/10	CULBERSON	TX	101	404	12 05/25/11

MARY JANE BARRON, INDIVIDUALLY AND AS TRUSTEE
PROPERTY DESCRIPTION:
Prospect: BONE SPRING SHALE PROSPECT

Serial # MF-111134A

11710593

BLOCK 111, PSL SURVEY
SECTION 1: ALL;
SECTION 4: NORTH 392.20 ACRES, DESCRIBED BY
METES AND BOUNDS IN THAT CERTAIN OIL AND GAS
LEASE DATED JULY 5, 1957, RECORDED IN VOL. 6,
PAGE 565, OIL AND GAS RECORDS, CULBERSON
COUNTY, TEXAS;
SECTION 5: NORTH 143.40 ACRES, DESCRIBED BY
METES AND BOUNDS IN THAT CERTAIN OIL AND GAS
LEASE DATED JULY 5, 1957, RECORDED IN VOL. 6,
PAGE 565, OIL AND GAS RECORDS, CULBERSON
COUNTY, TEXAS

RENTAL PAYMENT

2nd yr.

(P)

DEPOSIT TO THE CREDIT OF:

TOTAL AMOUNT:

146.99

RENTAL AMOUNT:

146.99

BANK CHARGE:

PAYABLE TO:

Texas General Land Office
Stephen F Austin Bldg
1700 North Congress Ave
Austin, TX 78701-1495

(P)
12/1

ACCOUNT NO.

BOLO-100

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Sincerely,

Coby Nathanson

Coby Nathanson
Staff Attorney

RECEIVED THIS 17th DAY OF May, 2011.

BY:

Mineral Leasing



410 W. Grand Parkway South
Suite 400
Katy, TX 77494

(281) 644-5900
Fax: (281) 644-5901

May 23, 2011

Texas General Land Office
Minerals Leasing
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

Via Federal Express Overnight

Rental Payments for MF111132A, MF111133A, and MF111134A

Ladies and Gentlemen:

Enclosed, please find the following checks totaling \$926.99 to cover the rental payments for the following leases and lands:

MF111132A	800 net acres in Sec 12, 13, 22, 23, 24, Block 114, PSL Survey, Culberson County, Texas; Mary Jane Barron as Agent for the State of Texas as Lessor; Relinquishment Act Lease dated May 25, 2010
MF111133A	760 net acres in Sec 8, 9, 19, 20, 24, Block 113, PSL Survey, Culberson County, Texas; Mary Jane Barron as Agent for the State of Texas as Lessor; Relinquishment Act Lease dated May 25, 2010
MF111134A	293.975 net acres in Sec 1, 4, 5, Block 111, PSL Survey, Culberson County, Texas; Mary Jane Barron as Agent for the State of Texas as Lessor; Relinquishment Act Lease dated May 25, 2010

If you have any questions, please do not hesitate to contact me directly at (281) 644-5953 or email me at cnathanson@lng2.com.

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Sincerely,

Coby Nathanson
Staff Attorney

RECEIVED THIS 24th DAY OF May, 2011.

BY:

TX General Land Office

LEASE NO.	LEASE DATE	COUNTY	ST	RECORDED BOOK	PAGE	RENTAL PERIOD MOS.	BEGINNING
4004-01	05/25/10	CULBERSON	TX	101	414	12	05/25/11
MARY JANE BARRON, INDIVIDUALLY AND AS TRUSTEE						Serial #	MF-111132A
PROPERTY DESCRIPTION:							
Prospect: BONE SPRING SHALE PROSPECT							

BLOCK 114, PSL SURVEY
SECTION 12: ALL
SECTION 13: ALL
SECTION 22: ALL
SECTION 23: ALL
SECTION 24: ALL

11710904

RENTAL PAYMENT

2nd yr.

DEPOSIT TO THE CREDIT OF:

TOTAL AMOUNT:	400.00
RENTAL AMOUNT:	400.00
BANK CHARGE:	

PAYABLE TO:
Texas General Land Office
Stephen F Austin Bldg
1700 North Congress Ave
Austin, TX 78701-1495

ACCOUNT NO.

BOLO-100

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Sincerely,



Coby Nathanson
Staff Attorney

RECEIVED THIS 24th DAY OF May, 2011.

BY:

TX General Land Office
[Signature]

LEASE NO.	LEASE DATE	COUNTY	ST	RECORDED BOOK	PAGE	RENTAL PERIOD MOS.	BEGINNING
4005-01	05/25/10	CULBERSON	TX	101	424	12	05/25/11
MARY JANE BARRON, INDIVIDUALLY AND AS TRUSTEE						Serial # MF-111133A	
PROPERTY DESCRIPTION:							
Prospect: BONE SPRING SHALE PROSPECT							

BLOCK 113, PSL SURVEY
SECTION 8: ALL, SAVE AND EXCEPT THAT PORTION OF
THE BEXAR PREEMPTION SURVEY 199 LYING WITHIN
THE BOUNDARIES OF SECTION 8;
SECTION 9: ALL, SAVE AND EXCEPT THAT PORTION OF
THE BEXAR PREEMPTION SURVEY 199 LYING WITHIN
THE BOUNDARIES OF SECTION 9;
SECTION 19: ALL;
SECTION 20: ALL;
SECTION 24: ALL

11710905

RENTAL PAYMENT

2nd yr.

DEPOSIT TO THE CREDIT OF:

TOTAL AMOUNT:	380.00
RENTAL AMOUNT:	380.00
BANK CHARGE:	

PAYABLE TO:
Texas General Land Office
Stephen F Austin Bldg
1700 North Congress Ave
Austin, TX 78701-1495

ACCOUNT NO.

BOLO-100

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Sincerely,



Coby Nathanson
Staff Attorney

RECEIVED THIS 24th DAY OF May, 2011.

BY:

TX General Land Office
[Signature]

LEASE NO.	LEASE DATE	COUNTY	ST	RECORDED BOOK	PAGE	RENTAL PERIOD MOS.	BEGINNING
4003-01	05/25/10	CULBERSON	TX	101	404	12	05/25/11

MARY JANE BARRON, INDIVIDUALLY AND AS TRUSTEE
Serial # MF-111134A

PROPERTY DESCRIPTION:

Prospect: BONE SPRING SHALE PROSPECT

BLOCK 111, PSL SURVEY

SECTION 1: ALL;

SECTION 4: NORTH 392.20 ACRES, DESCRIBED BY
METES AND BOUNDS IN THAT CERTAIN OIL AND GAS

LEASE DATED JULY 5, 1957, RECORDED IN VOL. 6,

PAGE 565, OIL AND GAS RECORDS, CULBERSON

COUNTY, TEXAS;

SECTION 5: NORTH 143.40 ACRES, DESCRIBED BY

METES AND BOUNDS IN THAT CERTAIN OIL AND GAS

LEASE DATED JULY 5, 1957, RECORDED IN VOL. 6,

PAGE 565, OIL AND GAS RECORDS, CULBERSON

COUNTY, TEXAS

11710903

RENTAL PAYMENT

2nd yr.

DEPOSIT TO THE CREDIT OF:

TOTAL AMOUNT: 146.99

RENTAL AMOUNT: 146.99

BANK CHARGE:

PAYABLE TO:

Texas General Land Office

Stephen F Austin Bldg

1700 North Congress Ave

Austin, TX 78701-1495

ACCOUNT NO.

BOLO-100

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Sincerely,



Coby Nathanson
Staff Attorney

RECEIVED THIS 24th DAY OF May, 2011.

BY:

TX General Land Office

[Signature]

File No. ME111134

(13)

Email re 2 2nd yr. rentals

Date Filed: 08/20/2014

Jerry E. Patterson, Commissioner

By JEP

MF 111134✓
MF 113602
MF 111133

DIVISION ORDER



To: **BHP Billiton Petroleum**
Land Administration
P O Box 22719
Houston, TX 77227-9927
(877) 311- 1443

Issue Date: 4/27/2015
Property Name: HORSESHOE SPRINGS STATE 113-24X1 1H
Property #: P1M605/00501 **API 109-32810**
Production: ALL PRODUCTS
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: PSL ABST/ID# 1853 Grantee MCGILVREY Blk 113 Sec 24 CULBERSON COUNTY, TEXAS (327.60 ACRES); PSL ABST/ID# 1850 Grantee MCGILVREY Blk 111 Sec 1 CULBERSON COUNTY, TEXAS (642.80 ACRES)

CREDIT TO

Owner # 80113945
STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

Decimal	Type	Status	Reason	Start Date
0.12500000	RI	PAY		4/1/2015

PLEASE KEEP THIS COPY FOR YOUR RECORDS

51.024



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

September 12, 2016

Broderick Brown
Division Order Analyst
BHP Billiton Petroleum
P O BOX 22719
Houston, TX 77227-9927

Re: State Lease Nos. MF111133, MF111134 and MF113602 HorseshoeSpringState113-24 1H

Dear Mr. Brown:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral files.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

File No. ME 111134

Division Order County

Date Filed: 9-13-2016

George P. Bush, Commissioner

By V.H.



Texas General Land Office

Reconciliation Billing

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

George P. Bush, Commissioner

BHP Billiton Petroleum (TXLA Operating) Company
Attn: Cristen Steele
1360 Post Oak Blvd Ste 150
Houston, TX 77056-3030

Billing Date: 5/3/2016
Billing Due Date: 6/2/2016
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00395	MF065125	\$16,927.65	\$0.00	\$1,892.25	\$469.02	\$19,288.92
16I00397	MF111133	\$961.17	\$0.00	\$155.66	\$41.87	\$1,158.70
16I00399	MF111133	\$0.00	\$435.27	\$75.00	\$12.31	\$522.58
16I00400	MF111134	\$1,885.97	\$0.00	\$305.43	\$82.15	\$2,273.55
16I00401	MF111134	\$0.00	\$858.32	\$97.72	\$24.30	\$980.34
16I00402	MF113602	\$8,541.37	\$0.00	\$1,383.27	\$273.81	\$10,198.45
16I00403	MF113602	\$0.00	\$3,893.00	\$389.30	\$110.27	\$4,392.57
Total Due		\$28,316.16	\$5,186.59	\$4,298.63	\$1,013.73	\$38,815.11

Penalty and interest have been calculated thru 5/31/2016. Payment remitted after 5/31/2016 will result in additional penalty and interest charges.

Contact Info: Andrea Charlton (512) 463-5190 or Andrea.Charlton@GLO.TEXAS.GOV

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 5/3/2016

Billing Due Date: 6/2/2016

Customer Number: C000046383

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00395	MF065125	\$16,927.65	\$0.00	\$1,892.25	\$469.02	\$19,288.92
16I00397	MF111133	\$961.17	\$0.00	\$155.66	\$41.87	\$1,158.70
16I00399	MF111133	\$0.00	\$435.27	\$75.00	\$12.31	\$522.58
16I00400	MF111134	\$1,885.97	\$0.00	\$305.43	\$82.15	\$2,273.55



Texas General Land Office

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

George P. Bush, Commissioner

16I00401	MF111134	\$0.00	\$858.32	\$97.72	\$24.30	\$980.34
16I00402	MF113602	\$8,541.37	\$0.00	\$1,383.27	\$273.81	\$10,198.45
16I00403	MF113602	\$0.00	\$3,893.00	\$389.30	\$110.27	\$4,392.57
Total Due		\$28,316.16	\$5,186.59	\$4,298.63	\$1,013.73	\$38,815.11
Amt. Paid						

Energy Financial Management
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Andrea Charlton
Company Name: BHP Billiton Petroleum Company
Customer Number: C000046383
Mineral File #: MF111134
Transaction Type: Volume Reconciliation
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$2,273.55	04/29/16	Under reported/paid sales volumes.	MM 4/29/2016	

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

Customer ID: C000046383

Invoice Number:

GLO Lease: MF111134

GLO Review: BHP Billiton Petroleum Company

Review Period: JANUARY Through AUGUST 2015

Auditor/AE: Acharito

Billing Date: 5/2/2016

P&I Calculation Date: 5/31/2016

Royalty Rate: 12.50%

Month / Year	RRC Number	(1) Gas Volume	(2) Tract Participation	(3) Price	(4) BTU	(5) Gross Value (1)X(2)X(3)X(4)	(6) Royalty Due (5) * Royalty Rate	(7) Royalty Paid	(8) Additional Royalty Due	(9) Number of Days Late	(10) Interest Rate For Additional Royalty	(11) Penalty From Additional Royalty	(12) Interest From Additional Royalty	Revenue Due (8)+(11)+(12)
Apr-15	08-278243		1.000000			\$2,418.72	\$302.34	\$490.38	(\$188.04)	351	4.250000%	\$0.00	\$0.00	(\$188.04)
May-15	08-278243		1.000000			\$24,434.40	\$3,054.30	\$4,034.59	(\$980.29)	321	4.250000%	\$0.00	\$0.00	(\$980.29)
Jun-15	08-278243		1.000000			\$59,027.36	\$7,378.42	\$4,324.12	\$3,054.30	290	4.250000%	\$305.43	\$82.15	\$3,441.88
TOTALS		0				\$85,880.48	\$10,735.06	\$8,849.09	\$1,885.97			\$305.43	\$82.15	\$2,273.55

ATTN: CRISTEN STEELE

CERTIFIED MAIL: 7007 0710 0000 5380 6514

COMMENTS: Due vs. Paid under/over payments.

COLUMN (1) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-278243

COLUMN (10)(11)(12) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/trac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1 : PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

Energy Financial Management
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Andrea Charlton
Company Name: BHP Billiton Petroleum Company
Customer Number: C000046383
Mineral File #: MF111134
Transaction Type: Volume Reconciliation
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$980.34	04/29/16	Under reported/paid sales volumes.	MM 4/29/2016	

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF111134
 GLO Review: BHP Billiton Petroleum Company
 Review Period: JANUARY THROUGH DECEMBER 2014

Auditor/AE: Acharito
 Billing Date: 5/2/2016
 P&I Calculation Date: 5/31/2016
 Royalty Rate: 12.50%

Month / Year	RRC Number	(1) Oil Volume	(2) Tract Participation Rate	(3) Price	(4) Gross Value	(5) Royalty Due	(6) Royalty Paid	(7) Additional Royalty Due	(8) Number of Days Late	(9) Interest Rate For Additional Royalty	(10) Penalty From Additional Royalty	(11) Interest From Additional Royalty	Revenue Due
					(1)X(2)x(3)	(4) * Royalty Rate							(7)+(10)+(11)
Apr-15	08-278243	26.00	1	\$45.66	\$1,187.20	\$148.40	\$0.00	\$148.40	361	4.250000%	\$25.00	\$5.22	\$178.62
Jun-15	08-278243	73.00	1	\$52.30	\$3,817.90	\$477.24	\$0.00	\$477.24	300	4.250000%	\$47.72	\$13.39	\$538.35
Jul-15	08-278243	41.00	1	\$45.40	\$1,861.40	\$232.68	\$0.00	\$232.68	269	4.250000%	\$25.00	\$5.69	\$263.37
TOTALS		140.00			\$6,866.50	\$858.32	\$0.00	\$858.32			\$97.72	\$24.30	\$980.34

ATTENTION: CRISTEN STEELE
 CERTIFIED MAIL : 7007 0710 0000 5380 6514

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WAS COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAS BEEN UNDER PAID.

COLUMN (1) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-278243

COLUMN (3) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (10)(11)(12) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

File No. MF 111134

County

Recon Billing

Date Filed: 12-6-16

George P. Bush, Commissioner

By AA



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 22, 2017

Certified Mail: 7016 2070 0000 7391 7925

Ms. Nicole Vail
Regulatory Analyst
BHP Billiton Pet (TXLA OP) Co.
1360 Post Oak Blvd.
Suite 150
Houston, Texas 77056 3020

RE: Your Application Dated 2/28/17 for Authority to Surface Commingle Oil and Gas Production from the Horseshoe Springs State 113-24x1 and HS State 113-24x13 Leases, State RAL Mineral Leases MF111133, MF111134, MF115984, MF113602, and MF113603, the Horseshoe Springs State 113-24x1 Unit, GLO Unit 7219, and HS State 113-24x13 Unit, GLO Unit 8292, RRC Commingling Permit 08-7837, Culberson County, Texas.

Dear Ms. Vail:

Please reference your letters dated 2/13/2017 and 2/28/2017, where you requested permission to commingle state lease production and advised that the commingling permit is required due to the commingling of condensate/oil from RRC designated gas leases into common storage at the Horseshoe Springs State 113-24x1 Tank Battery. In addition, pursuant to the terms of the state's lease, you requested permission to utilize on-lease gas lift and to utilize and commingle with off-lease sources of gas for gas lift supply purposes.

As shown by the process flow diagram, the production from each lease/unit well is separated, metered, and then further treated/processed for sale and/or disposal at the Horseshoe Springs State 113-24x1 Tank Battery. The available for sale gas produced at the tank battery/facility is either: a) measured prior to transfer into a common gas gathering system and/or b) the gas is used to supply gas lift to the wells of each unit. Gas buy-back meters are provided at the facility to allow for the buy-back of gas volumes for gas lift start-up, make-up, and fuel gas supply purposes. The purpose of the RRC Form P-17 commingling permit is to allow for the oil from multiple RRC gas leases/units to be commingled into a common storage. The state's net royalty interest is the same for all RRC leases in the scope of the commingling permit; however, the wells are included in different pooled units.

In this specific case, per the conditions of commingling below, the production royalty shall be due based on the proportionate share of: (1) the gross or total stock tank barrels of oil produced monthly by each state lease/unit, (2) the gross or total MMBTUs of gas produced by each

lease/unit that is processed in a plant to recover natural gas liquids, and (3) any non-sales dispositions of gas.

Absent any details regarding the gas gathering system and the methodology used to determine the royalty due amounts for oil and gas please be advised that GLO staff might disagree with your report of royalty and/or allocation methodology in the context of an audit.

Please be advised that the subject application is approved **subject to the following conditions.**

1. All oil production royalties shall be due based on the proportionate share of the total oil production sales and stock tank inventory (in stock tank barrels) that are allocated to each unit as determined by the separated and metered oil volumes of each RRC Lease ID/unit well. In this specific case the Lessee may pay monthly oil royalties per Texas Administrative Code (TAC) Title 31, Part 1, Chapter 9, Subchapter D, Rule §9.51.
2. All gas production royalties shall be due based on the proportionate share of the total or gross gas production volumes (sales and non-sales dispositions), reported in MSCF and energy content (MMBtus) as measured by the available for sale gas meter located at the Horseshoe Springs State 113-24x1 Tank Battery Tank Battery after accounting for any applicable off-lease gas lift supply; and any other non-sales dispositions such as fuel, vent, and flare volumes.

The gross production of gas shall be determined by the sum of: (1) the gas production volumes and energy content remaining after accounting for any applicable off-lease gas lift contribution as measured at the available for sale facility gas meter located downstream of the separation equipment serving each state lease/unit, (2) the applicable flash gas volume and composition as determined by the performance of laboratory flash separation tests at the appropriate stage of separation or per industry standard correlations, based on the total monthly oil production of each state lease/unit, and (3) any other non-sales dispositions such as fuel, vent, and flare volumes. The gas BTU content and component analysis obtained at each lease separator and facility gas meter shall be determined by gas sample chromatographic analysis or other industry-accepted practices.

3. Retain, for lease audit purposes, all meter records, volume statements/reports, oil and gas analyses reports, and shrinkage/flash gas calculation records for a period of at least seven (7) years after creation of each report or record.
4. Any changes to the flow process, metering scheme, or the addition of any state lease wells that are not currently processed at the Horseshoe Springs State 113-24x1 Tank Battery Tank Battery shall require the Lessee to obtain permission from the GLO prior to making said changes.

5. With respect to the application of gas lift as an artificial lift method and the use of off-lease sources of gas, the Lessee has permission to utilize gas lift and off-lease make-up supply sources contingent upon the requirement that:
- a. Lessee shall install and utilize square-edged orifice meters and meter tubes per all applicable specifications and requirements of API MPMS 14.3/AGA Report No. 3 for gas measurement,
 - b. Lessee shall continuously meter the gas lift supply to each well and the gas that passes through any other gas lift supply and distribution meter,
 - c. All measuring equipment shall be calibrated and adjusted as necessary by Lessee or as frequently as deemed necessary due to cleaning, repair, replacement, or any other condition that affects the accuracy, repeatability, and linearity of a meter, but not less frequently than once per calendar quarter, at intervals not to exceed 100 days, and
 - d. The gas BTU content and component analysis obtained at each lease/unit gas lift supply meter shall be determined by gas sample chromatographic analysis.

If you have questions, please contact me at (512) 475-2230, or by FAX at (512) 475-1543. My e-mail address is matthew.scott@glo.state.tx.us

Sincerely,



Matthew T. Scott, P.E.
Petroleum Engineer
Energy Resources/Mineral Leasing

cc: Robert Hatter, Deputy Director of Energy Resources
Dale Sump, Director of Minerals Audit

File No. MF 111134

CULBERSON County

AGREE TO COMMINLE

Date Filed: 3/30/17

George P. Bush, Commissioner

By MT SCOTT

SEE MF 111133

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☐ Adult Signature Required \$ _____
☐ Adult Signature Restricted Delivery \$ _____

Postage

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Total Postage and Fees

\$

Sent To

BHP Billiton Petroleum (TXLA Operating) Co.

Street and Apt. No., or PO Box No.

1360 Post Oak Blvd Ste 150
City, State, ZIP+4® Houston, TX 77056-3030

MF111133

Postmark
Here

MF113602

MF111134

7016 2070 0000 7391 3422



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

BHP Billiton Petroleum (TXLA Operating) Company
Attn: Holly Dutton
1360 Post Oak Blvd Ste 150
Houston, TX 77056-3030

Billing Date: 10/11/2017
Billing Due Date: 11/10/2017
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00061	MF111133	\$694.26	\$0.00	\$69.43	\$45.88	\$809.57
18I00062	MF111134	\$1,362.25	\$0.00	\$136.23	\$90.02	\$1,588.50
18I00063	MF113602	\$6,169.54	\$0.00	\$616.95	\$407.70	\$7,194.19
18I00064	MF113602	\$0.00	\$1,850.88	\$192.43	\$124.36	\$2,167.67
Total Due		\$8,226.05	\$1,850.88	\$1,015.04	\$667.96	\$11,759.93

Penalty and interest have been calculated thru 10/31/2017. Payment remitted after 10/31/2017 will result in additional penalty and interest charges.

Contact Info: David Jacquet (512) 463-5262 or david.jacquet@glo.texas.gov

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 10/11/2017

Billing Due Date: 11/10/2017

Customer Number: C000046383

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00061	MF111133	\$694.26	\$0.00	\$69.43	\$45.88	\$809.57
18I00062	MF111134	\$1,362.25	\$0.00	\$136.23	\$90.02	\$1,588.50
18I00063	MF113602	\$6,169.54	\$0.00	\$616.95	\$407.70	\$7,194.19
18I00064	MF113602	\$0.00	\$1,850.88	\$192.43	\$124.36	\$2,167.67
Total Due		\$8,226.05	\$1,850.88	\$1,015.04	\$667.96	\$11,759.93
Amt. Paid						

Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF111134
 GLO Review: BHP BILLINTON PET (TX LA OP) CO
 Review Period: September 2015 through August 2016

Category Gas
 Auditor/AE: DJACQUET
 Billing Date: 10/9/2017
 P&I Calculation Date: 10/31/2017
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Jan-16	08-278243	29,995	0.16560200	\$2.23	1.00	\$11,076.93	\$1,384.62	\$22.37	\$1,362.25	595	4.50%	\$136.23	\$90.02	\$1,588.50
TOTALS		29,995				\$11,076.93	\$1,384.62	\$22.37	\$1,362.25			\$136.23	\$90.02	\$1,588.50

COMMENTS: VOLUMES WERE VALUED AT \$.01 PER MCF ON GLO2 REPORTS WHICH IS CLEARLY UNDER VALUED.

COLUMN (3) VOLUMES SHOWN ARE THE TOTAL OF LEASE USE, RESIDUE, VENTED OR FLARED SALES REPORTED TO THE RRC.

COLUMNS (5) & (6) THE PRICE AND BTU FACTORS WERE BASED OFF THE HOUSTON SHIP CHANNEL PRICE AND BTU FOR THE PRODUCTION MONTH.

COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

ATTN: HOLLY DUTTON
 CERTIFIED MAIL: 7016 2070 0000 7391 3422

Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF111133
 GLO Review: BHP BILLINTON PET (TX LA OP) CO
 Review Period: September 2015 through August 2016

Category Gas
 Auditor/AE: DJACQUET
 Billing Date: 10/9/2017
 P&I Calculation Date: 10/31/2017
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Jan-16	08-278243	29,995	0.08439820	\$2.23	1.00	\$5,645.30	\$705.66	\$11.40	\$694.26	595	4.50%	\$69.43	\$45.88	\$809.57
TOTALS		29,995				\$5,645.30	\$705.66	\$11.40	\$694.26			\$69.43	\$45.88	\$809.57

COMMENTS: VOLUMES WERE VALUED AT \$.01 PER MCF ON GLO2 REPORTS WHICH IS CLEARLY UNDER VALUED.

COLUMN (3) VOLUMES SHOWN ARE THE TOTAL OF LEASE USE, RESIDUE, VENTED OR FLARED SALES REPORTED TO THE RRC.

COLUMNS (5) & (6) THE PRICE AND BTU FACTORS WERE BASED OFF THE HOUSTON SHIP CHANNEL PRICE AND BTU FOR THE PRODUCTION MONTH.

COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

ATTN: HOLLY DUTTON
 CERTIFIED MAIL: 7016 2070 0000 7391 3422

Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF113602
 GLO Review: BHP BILLINTON PET (TX LA OP) CO
 Review Period: September 2015 through August 2016

Category Gas
 Auditor/AE: DJACQUET
 Billing Date: 10/9/2017
 P&I Calculation Date: 10/31/2017
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Jan-16	08-278243	29,995	0.750	\$2.23	1.00	\$50,166.64	\$6,270.83	\$101.29	\$6,169.54	595	4.50%	\$616.95	\$407.70	\$7,194.19
TOTALS		29,995				\$50,166.64	\$6,270.83	\$101.29	\$6,169.54			\$616.95	\$407.70	\$7,194.19

COMMENTS: VOLUMES WERE VALUED AT \$.01 PER MCF ON GLO2 REPORTS WHICH IS CLEARLY UNDER VALUED.

COLUMN (3) VOLUMES SHOWN ARE THE TOTAL OF LEASE USE, RESIDUE, VENTED OR FLARED SALES REPORTED TO THE RRC.

COLUMNS (5) & (6) THE PRICE AND BTU FACTORS WERE BASED OFF THE HOUSTON SHIP CHANNEL PRICE AND BTU FOR THE PRODUCTION MONTH.

COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

ATTN: HOLLY DUTTON
 CERTIFIED MAIL: 7016 2070 0000 7391 3422

Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF113602
 GLO Review: BHP BILLITON PET (TXLA OP) CO
 Review Period: September 2015 thru August 2016

Category: Oil
 Auditor/AE: DJACQUET
 Billing Date: 10/9/2017
 P&I Calculation Date: 10/31/2017
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Oct-15	08-278243	92	1	\$41.22	1.00	\$3,792.24	\$474.03	\$0.00	\$474.03	696	4.25%	\$47.40	\$35.16	\$556.59
Nov-15	08-278243	35	1	\$40.35	1.00	\$1,412.25	\$176.53	\$0.00	\$176.53	665	4.50%	\$25.00	\$13.19	\$214.72
Jan-16	08-278243	154	1	\$29.23	1.00	\$4,501.42	\$562.68	\$0.00	\$562.68	605	4.50%	\$56.27	\$37.88	\$656.83
Mar-16	08-278243	177	1	\$28.82	1.00	\$5,101.14	\$637.64	\$0.00	\$637.64	544	4.50%	\$63.76	\$38.13	\$739.53
TOTALS		458				\$14,807.05	\$1,850.88	\$0.00	\$1,850.88			\$192.43	\$124.36	\$2,167.67

COMMENTS: BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

COLUMN (3) VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC ID # 08-278243
 COLUMN (5) PRICE - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

ATTN: HOLLY DUTTON
 CERTIFIED MAIL: 7016 2070 0000 7391 3422

File No. MF 111134

17

County

Recon Billing

Date Filed: 10/13/17

George P. Bush, Commissioner

By AT

7016 0600 0000 6595 6629

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Total Postage and Fees

\$

Sent To

BHP Billiton Petroleum (TXLA Operating) Co.

Street and Apt. No., or PO Box No.

1360 Post Oak Blvd Ste 150

City, State, ZIP+4®

Houston, TX 77056-3030

MF 111133

MF 111134

MF 113640

MF 113596

MF 113602

MF 116740

ATTN: Holly Dutton

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

BHP Billiton Petroleum (TXLA Operating) Company
Attn: Holly Dutton
1360 Post Oak Blvd Ste 150
Houston, TX 77056-3030

Billing Date: 8/6/2018
Billing Due Date: 9/5/2018
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00624	MF111133	\$569.28	\$0.00	\$68.60	\$24.75	\$662.63
18I00625	MF111133	\$0.00	\$307.29	\$30.73	\$12.04	\$350.06
18I00626	MF111134	\$977.18	\$0.00	\$99.72	\$42.51	\$1,119.41
18I00627	MF111134	\$0.00	\$597.82	\$59.78	\$23.42	\$681.02
18I00628	MF113596	\$1,087.24	\$0.00	\$108.72	\$67.21	\$1,263.17
18I00629	MF113602	\$4,600.16	\$0.00	\$460.02	\$199.53	\$5,259.71
18I00630	MF113602	\$0.00	\$2,695.17	\$269.52	\$105.57	\$3,070.26
18I00631	MF113640	\$10,188.11	\$0.00	\$1,018.81	\$582.60	\$11,789.52
18I00632	MF116740	\$5,238.97	\$0.00	\$635.85	\$351.94	\$6,226.76
Total Due		\$22,660.94	\$3,600.28	\$2,751.75	\$1,409.57	\$30,422.54

Penalty and interest have been calculated thru 8/31/2018. Payment remitted after 8/31/2018 will result in additional penalty and interest charges.

Contact Info: Jasmina Alapag (512) 475-1447 or jasmina.alapag@glo.texas.gov

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 8/6/2018

Billing Due Date: 9/5/2018

Customer Number: C000046383

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00624	MF111133	\$569.28	\$0.00	\$68.60	\$24.75	\$662.63
18I00625	MF111133	\$0.00	\$307.29	\$30.73	\$12.04	\$350.06



Texas General Land Office

George P. Bush, Commissioner

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

18I00626	MF111134	\$977.18	\$0.00	\$99.72	\$42.51	\$1,119.41
18I00627	MF111134	\$0.00	\$597.82	\$59.78	\$23.42	\$681.02
18I00628	MF113596	\$1,087.24	\$0.00	\$108.72	\$67.21	\$1,263.17
18I00629	MF113602	\$4,600.16	\$0.00	\$460.02	\$199.53	\$5,259.71
18I00630	MF113602	\$0.00	\$2,695.17	\$269.52	\$105.57	\$3,070.26
18I00631	MF113640	\$10,188.11	\$0.00	\$1,018.81	\$582.60	\$11,789.52
18I00632	MF116740	\$5,238.97	\$0.00	\$635.85	\$351.94	\$6,226.76
Total Due		\$22,660.94	\$3,600.28	\$2,751.75	\$1,409.57	\$30,422.54
Amt. Paid						

Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF111134
 GLO Review: BHP Billiton Pet (TxLA OP) Co
 Review Period: 201609-201708

Category: Gas
 Auditor/AE: JasAlapag
 Billing Date: 8/1/2018
 P&I Calculation Date: 8/31/2018
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particip	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate For	Interest Rate For	Revenue Due
Jan-17	08-278243	589	1.00000000	3.124350	1.000000	\$1,840.24	\$230.03	\$0.00	\$230.03	534	4.75%	\$25.00	\$14.22	\$269.25
Jul-17	08-278243	2.403	1.00000000	2.559314	0.971900	\$5,977.22	\$747.15	\$0.00	\$747.15	350	4.75%	\$74.72	\$28.29	\$850.16
TOTALS		2.992				\$7,817.46	\$977.18	\$0.00	\$977.18			\$99.72	\$42.51	\$1,119.41

ATTN: Holly Dutton
 CERTIFIED MAIL: 7016 0600 0000 6595 6629

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAVE BEEN UNDER PAID.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-278243

COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (6) BTU - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (13)(14)(15) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1 : PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

Energy Financial Management
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Jasmin Alapag
Company Name: BHP Billiton Pet (TxLA OP) Co
Customer Number: C000046383
Mineral File #: MF111134
Transaction Type:
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$1,119.41	08/01/18		MM 7/30/2018	
				3	

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

Customer ID: C000046383
 Invoice Number:
 GLO Lease: MF111134
 GLO Review: BHP Billiton Pet (TxLA OP) Co
 Review Period: SEPT 2016 Through AUG 2017

Category: Oil
 Auditor/AE: JasAlapag
 Billing Date: 8/1/2018
 P&I Calculation Date: 8/31/2018
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particip	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate Fron	Interest Rate Fron	Revenue Due
Jul-17	08-278243	107	1.00000000	44.696944	1.000000	\$4,782.57	\$597.82	\$0.00	\$597.82	360	4.75%	\$59.78	\$23.42	\$681.02
TOTALS		107				\$4,782.57	\$597.82	\$0.00	\$597.82			\$59.78	\$23.42	\$681.02

ATTENTION: Holly Dutton
 CERTIFIED MAIL: 7016 0600 0000 6595 6629

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAVE BEEN UNDER PAID.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-278243

COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (13)(14)(15) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK
 ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE
 REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

Energy Financial Management
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Jasmin Alapag
Company Name: BHP Billiton Pet (TxLA OP) Co
Customer Number: C000046383
Mineral File #: MF111134
Transaction Type:
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$681.02	08/01/18		MM 7/30/2018	

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

18

File No. MF 111134

Recon Billing County

Date Filed: 8/10/18

George P. Bush, Commissioner

By [Signature]



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 12182

GENERAL INFORMATION

Name of Well: HS State 113-21X111-4 # W107H API # 42-109-33683
Name of Operator: BPX Operating Company RRC # 08-866096
Operator Contact Person: Kevin Woods Phone: _____
Counties: Culberson

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	MF113600	8721	6540.75	0.12500000	0.12500000	0.75000000	0.09375000
RAL	MF113601	8721	1300.25	0.12500000	0.12500000	0.14909414	0.01863677
RAL	MF111134	8721	880	0.12500000	0.12500000	0.10090586	0.01261323
Totals:						1.00000000	0.12500000
Effective Date: <u>02/01/2021</u>							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

- Final as drilled plats were submitted on August 28, 2022 by Kevin Woods. These wells are being set up for accounting purposes as there is not an SLB approved PSA or Pooling Agreement in place.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
RAM approval by: VD GIS updated by: RC

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

INU220001

Unit Number 12182
Operator Name BPX Operating Company
Customer ID C000046383
Unit Name HS State 113-21X111-4 # W107H
County 1 Culberson **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.12500000
State Part in Unit 1.00000000
Unit Depth Specified Depths
From Depth Well
To Depth Formation
Participation Basis Length of Lateral
If Excluions Apply: See Remarks

Effective Date 02/01/2021
Unitized For Oil And Gas
Unit Term
Old Unit Number **Inactive Status Date**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF111134		0.000000	0.000000	0.10090586	O/G	0.12500000	0.01261323	No
MF113600		0.000000	0.000000	0.75000000	O/G	0.12500000	0.09375000	No
MF113601		0.000000	0.000000	0.14909414	O/G	0.12500000	0.01863677	No

API Number

4210933683

Remarks:

Final as drilled plats were submitted on August 28, 2022 by Kevin Woods. These wells are being set up for accounting purposes as there is not an SLB approved PSA or Pooling Agreement in place.

Prepared By:

Jm

Prepared Date:

11/10/2022

GLO Base Updated By:

Jm

GLO Base Date:

11/10/2022

RAM Approval By:

JD

RAM Approval Date:

11/10/2022

GIS By:

RL

GIS Date:

11/21/22

Well Inventory By:

Jm

WI Date:

11/10/2022

Pooling Committee Report

To: School Land Board

INU220001

Date of Board Meeting:

Unit Number: 12182

Effective Date: 02/01/2021

Unit Expiration Date:

Applicant: BPX Operating Company

Attorney Rep:

Operator: BPX Operating Company

Unit Name: HS State 113-21X111-4 # W107H

Field Name: FORD, WEST (WOLFCAMP)

County: Culberson

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF111134	0.12500000	05/25/2015	5 years	293.975000	0.000000	0.01261323
RAL	MF113600	0.12500000	07/29/2014	3 years	1,254.150000	0.000000	0.09375000
RAL	MF113601	0.12500000	07/29/2014	3 years	960.000000	0.000000	0.01863677

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

<u>Participation Basis:</u>	Length of Lateral
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	12.50%

<u>Unit Type:</u>	<u>Unitized for:</u>
iNut	Oil And Gas
<u>Term:</u>	

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
No	

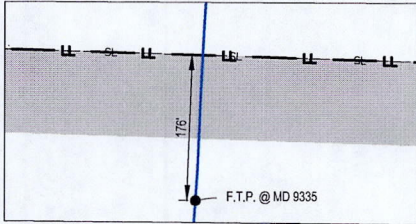
CULBERSON COUNTY, TEXAS

NOTE: S.H.L. APPROXIMATE LOCATION IS S 64°43'22" W,
16.25 MILES FROM ORLA, TEXAS.
S.H.L. LOCATED IN THE PSL SURVEY A - 5115.
B.H.L. LOCATED IN THE PSL SURVEY A - 1852.

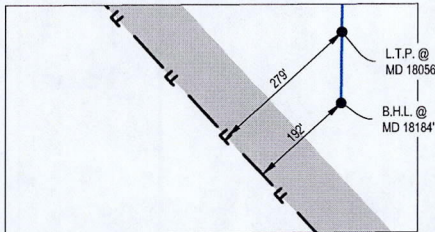
LEGEND

- LEASE LINE
- AS-DRILLED WELL PATH
- NEAREST WELL PATH
- SURVEY / SECTION LINE
- S.H.L. SURFACE HOLE LOCATION
- P.O.P. POINT OF PENETRATION
- F.T.P. FIRST TAKE POINT
- T.P. TURNING POINT
- L.T.P. LAST TAKE POINT
- B.H.L. BOTTOM HOLE LOCATION

INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)

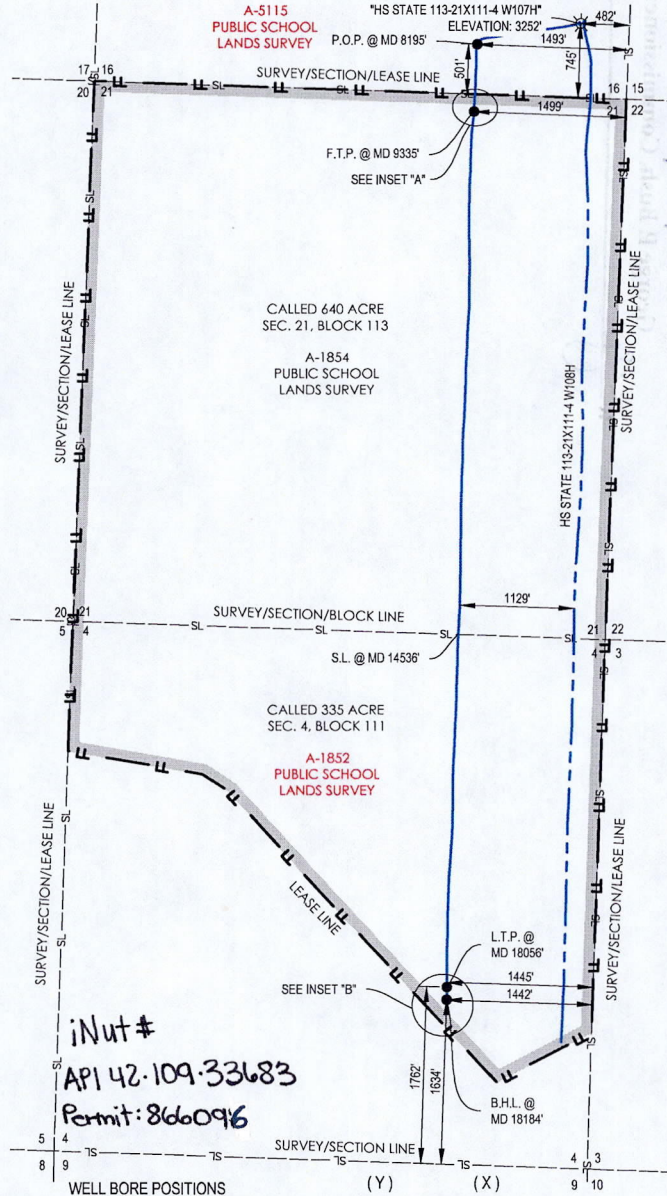


PERFORATED FOOTAGES

SECTION	FOOTAGE	PERCENTAGE
SECTION 21, BLOCK 113	5201'	59.64%
SECTION 4, BLOCK 111	3520'	40.36%
TOTAL	8721'	100.00%

WELL PATH DATA

REF.	SECTION LINE CALLS (±)	LEASE LINE CALLS (±)
S.H.L.	745' FSL, 482' FEL	745' FNL
P.O.P.	501' FSL, 1493' FEL	501' FNL
F.T.P.	176' FNL, 1499' FEL	176' FNL, 1499' FEL
L.T.P.	1762' FSL, 1445' FEL	279' FSWL, 1445' FEL
B.H.L.	1634' FSL, 1442' FEL	192' FSWL, 1442' FEL



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.71742829° N	104.15354281° W	10608774.86	1108919.99	31.71730312° N	104.15306351° W	766198.69	812458.93
P.O.P.	31.71675799° N	104.15679758° W	10608565.93	1107900.13	31.71663263° N	104.15631818° W	765989.77	811439.08
F.T.P.	31.71499797° N	104.15682126° W	10607889.96	1107869.52	31.71477278° N	104.15634188° W	765313.81	811408.47
L.T.P.	31.69039996° N	104.15667268° W	10599178.36	1107616.22	31.69081433° N	104.15619365° W	756802.34	811155.10
B.H.L.	31.69058820° N	104.15666274° W	10599050.37	1107614.91	31.69046256° N	104.15618373° W	756474.35	811153.79

LOCATION		LEASE CORNERS		NAD83 (1986)		NAD27	
		STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)	STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)	STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)
NW CORNER 113-21	CALCULATED CORNER	N = 10608193.35 E = 1104106.07	LAT: 31.71537540° N LONG: 104.16895043° W	N = 765617.21 E = 807645.06	LAT: 31.71525031° N LONG: 104.16847064° W	N = 765617.21 E = 807645.06	LAT: 31.71525031° N LONG: 104.16847064° W
NE CORNER 113-21	CALCULATED CORNER	N = 10608014.51 E = 1109374.32	LAT: 31.71538220° N LONG: 104.15199864° W	N = 765438.35 E = 812913.25	LAT: 31.71525699° N LONG: 104.15151943° W	N = 765438.35 E = 812913.25	LAT: 31.71525699° N LONG: 104.15151943° W
SE CORNER 113-21	RAIL ROAD SPIKE	N = 10602645.51 E = 1109176.56	LAT: 31.70061289° N LONG: 104.15204165° W	N = 760069.44 E = 812715.45	LAT: 31.70048741° N LONG: 104.15156264° W	N = 760069.44 E = 812715.45	LAT: 31.70048741° N LONG: 104.15156264° W
SW CORNER 113-21	4" CEDAR POST	N = 10602823.48 E = 1103910.46	LAT: 31.70060388° N LONG: 104.16893811° W	N = 760247.42 E = 807449.40	LAT: 31.70047850° N LONG: 104.16850424° W	N = 760247.42 E = 807449.40	LAT: 31.70047850° N LONG: 104.16850424° W
SE LEASE CORNER	CALCULATED CORNER	N = 10598725.10 E = 1109046.52	LAT: 31.68982970° N LONG: 104.15498301° W	N = 756149.08 E = 812585.38	LAT: 31.68970401° N LONG: 104.15154804° W	N = 756149.08 E = 812585.38	LAT: 31.68970401° N LONG: 104.15154804° W
SOUTHERLY LEASE CORNER	CALCULATED CORNER	N = 10598229.09 E = 1108109.45	LAT: 31.68837854° N LONG: 104.15498301° W	N = 755653.09 E = 811648.32	LAT: 31.68825284° N LONG: 104.15450408° W	N = 755653.09 E = 811648.32	LAT: 31.68825284° N LONG: 104.15450408° W
SOUTHERLY LEASE CORNER	CALCULATED CORNER	N = 10601127.04 E = 1105445.23	LAT: 31.69608846° N LONG: 104.16386408° W	N = 758551.00 E = 808984.14	LAT: 31.69596297° N LONG: 104.16338474° W	N = 758551.00 E = 808984.14	LAT: 31.69596297° N LONG: 104.16338474° W
SOUTHERLY LEASE CORNER	CALCULATED CORNER	N = 10601295.78 E = 1105189.81	LAT: 31.69652788° N LONG: 104.16470350° W	N = 758719.74 E = 808728.73	LAT: 31.69640241° N LONG: 104.16422413° W	N = 758719.74 E = 808728.73	LAT: 31.69640241° N LONG: 104.16422413° W
SW LEASE CORNER	CALCULATED CORNER	N = 10601527.32 E = 1103865.69	LAT: 31.69703860° N LONG: 104.16893938° W	N = 758951.28 E = 807404.63	LAT: 31.69691316° N LONG: 104.16850446° W	N = 758951.28 E = 807404.63	LAT: 31.69691316° N LONG: 104.16850446° W

GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM TEXAS STATE PLANE, CENTRAL ZONE, NAD83, U.S. FEET AS DETERMINED BY GPS OBSERVATION.

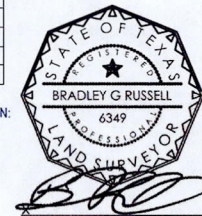
3. ALL NAD27 COORDINATES WERE DERIVED USING THE NADCON CONVERSION MODEL.

REVISION	
0	FINAL PLAT 12/7/22
1	ADD PERF FOOTAGE 8/10/22

BPX OPERATING COMPANY

HS STATE 113-21X111-4 W107H
S.H.L. IN PSL, A-5115 & B.H.L. IN PSL, A-1852
CULBERSON COUNTY, TEXAS
FINAL AS-DRILLED PLAT

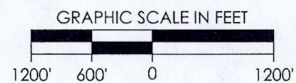
SCALE: 1" = 1200'
PLOT DATE: 08/10/2022
CHECKED BY: NPE
DRAWN BY: MF
APPROVED BY: LD
SHEET NO.: 1 OF 1



8/10/2022

CONTACT INFORMATION:
Bradley G. Russell
Crafton Tull (10193715)
1000 Ledgelawn Dr.
Conway, AR 72034

NOTE: THIS IS NOT A BOUNDARY SURVEY AS DEFINED BY STATE OR LOCAL LAWS. THE BOUNDARY AND DRILLING UNIT LINES SHOWN HEREON ARE ONLY APPROXIMATE BASED ON INFORMATION SUPPLIED TO THE SURVEYOR BY THE CLIENT. ALTHOUGH THEY ARE PLACED AS ACCURATELY AS POSSIBLE BASED ON AVAILABLE INFORMATION, NO FIELD SURVEY WAS CONDUCTED BY THE SURVEYOR TO VERIFY THE ACCURACY OF THE BOUNDARY LINES SHOWN. ONLY THE SURFACE HOLE POSITIONS WERE FIELD LOCATED BY THE SURVEYOR.



File No. MF111134
Culberson County
iNut 12182-AP142-109-33683
Date Filed: 11/16/2022
George P. Bush, Commissioner
by Jm



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 12183

GENERAL INFORMATION

Name of Well: HS State 113-21X111-4 # W108H API # 42-109-33684
 Name of Operator: BPX Operating Company RRC # 08-866097
 Operator Contact Person: Kevin Woods Phone: _____
 Counties: Culberson

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylyty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	MF113600	8853	6639.75	0.12500000	0.12500000	0.75000000	0.09375000
RAL	MF113601	8853	1237	0.12500000	0.12500000	0.13972665	0.01746583
RAL	MF111134	8853	976.25	0.12500000	0.12500000	0.11027335	0.01378417
Totals:						1.00000000	0.12500000
Effective Date: <u>02/01/2021</u>							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

•

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
 RAM approval by: VD GIS updated by: RC

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT220001

Unit Number 12183
Operator Name BPX Operating Company
Customer ID C000046383
Unit Name HS State 113-21X111-4 # W108H
County 1 Culberson **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.12500000
State Part in Unit 1.00000000
Unit Depth Specified Depths
From Depth Well
To Depth Formation
Participation Basis Length of Lateral
If Excluions Apply: See Remarks

Effective Date 02/01/2021
Unitized For Oil And Gas
Unit Term
Old Unit Number **Inactive Status Date**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF111134		0.000000	0.000000	0.11027335	O/G	0.12500000	0.01378417	No
MF113600		0.000000	0.000000	0.75000000	O/G	0.12500000	0.09375000	No
MF113601		0.000000	0.000000	0.13972665	O/G	0.12500000	0.01746583	No

API Number

4210933684

Remarks:

Final as drilled plats were submitted on August 28, 2022 by Kevin Woods. These wells are being set up for accounting purposes as there is not an SLB approved PSA or Pooling Agreement in place.

Prepared By:

fm

Prepared Date:

11/10/2022

GLO Base Updated By:

fm

GLO Base Date:

11/10/2022

RAM Approval By:

JD

RAM Approval Date:

11/10/2022

GIS By:

RL

GIS Date:

11/21/22

Well Inventory By:

fm

WI Date:

11/10/2022

Pooling Committee Report

To: School Land Board

INUT220001

Date of Board Meeting:

Unit Number: 12183

Effective Date: 02/01/2021

Unit Expiration Date:

Applicant: BPX Operating Company

Attorney Rep:

Operator: BPX Operating Company

Unit Name: HS State 113-21X111-4 # W108H

Field Name: FORD, WEST (WOLFCAMP)

County:

Culberson

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
RAL	MF111134	0.12500000	05/25/2015	5 years	293.975000	0.000000	0.01378417
RAL	MF113600	0.12500000	07/29/2014	3 years	1,254.150000	0.000000	0.09375000
RAL	MF113601	0.12500000	07/29/2014	3 years	960.000000	0.000000	0.01746583

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

<u>Participation Basis:</u>	Length of Lateral
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	12.50%

<u>Unit Type:</u>	<u>Unitized for:</u>
iNut	Oil And Gas
<u>Term:</u>	

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
No	



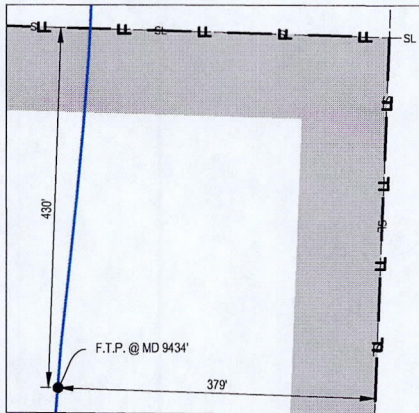
1000 LedgeLawn Dr.
Conway, Arkansas 72034

501.328.3314 | 501.328.3325 f
www.craftontull.com

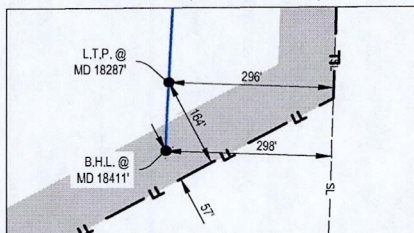
LEGEND

- LEASE LINE
- AS-DRILLED WELL PATH
- NEAREST WELL PATH
- SURVEY / SECTION LINE
- S.H.L. SURFACE HOLE LOCATION
- P.O.P. POINT OF PENETRATION
- F.T.P. FIRST TAKE POINT
- T.P. TURNING POINT
- L.T.P. LAST TAKE POINT
- B.H.L. BOTTOM HOLE LOCATION

INSET "A" (NOT TO SCALE)



INSET "B" (NOT TO SCALE)

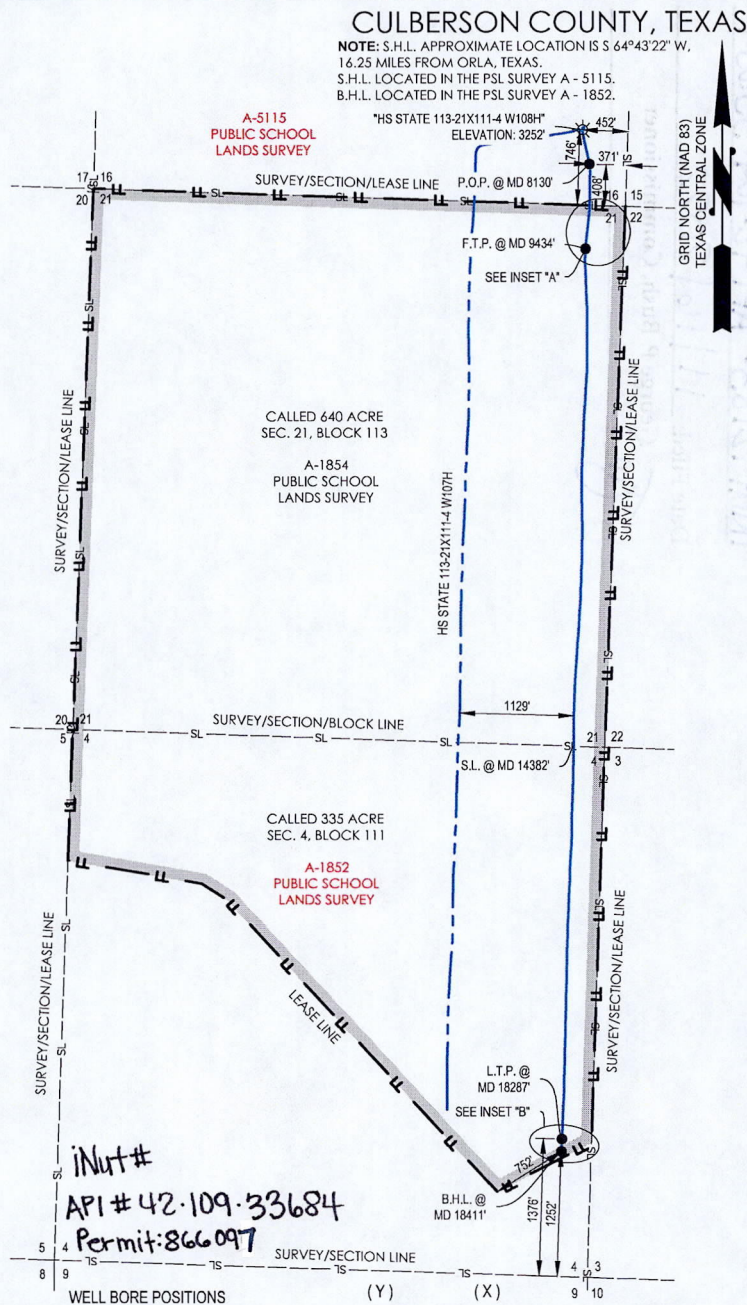


PERFORATED FOOTAGES

SECTION	FOOTAGE	PERCENTAGE
SECTION 21, BLOCK 113	4948'	55.89%
SECTION 4, BLOCK 111	3905'	44.11%
TOTAL	8853'	100.00%

WELL PATH DATA

REF.	SECTION LINE CALLS (±)	LEASE LINE CALLS (±)
S.H.L.	746 FSL, 452' FEL	746' FNL
P.O.P.	408' FNL, 371' FEL	408' FNL
F.T.P.	430' FNL, 379' FEL	430' FNL, 379' FEL
L.T.P.	1376' FSL, 296' FEL	164' FSEL, 296' FEL
B.H.L.	1252' FSL, 298' FEL	57' FSEL, 752' FSWL



WELL BORE POSITIONS

REFERENCE	LAT. (NAD 83)	LONG. (NAD 83)	NORTHING (NAD 83)	EASTING (NAD 83)	LAT. (NAD 27)	LONG. (NAD 27)	NORTHING (NAD 27)	EASTING (NAD 27)
S.H.L.	31.71743154° N	104.15344640° W	10608775.01	1108949.99	31.71730638° N	104.15296711° W	766198.84	812488.93
P.O.P.	31.71650337° N	104.15318828° W	10608434.81	1109018.62	31.71637819° N	104.15270900° W	765858.65	812557.55
F.T.P.	31.71419877° N	104.15321993° W	10607597.30	1108980.00	31.71407355° N	104.15274069° W	765021.15	812518.93
L.T.P.	31.68988193° N	104.15297928° W	10598754.25	1108751.11	31.68975625° N	104.15250040° W	756178.24	812289.98
B.H.L.	31.68954113° N	104.15298342° W	10598630.40	1108745.57	31.68941545° N	104.15250454° W	756054.38	812284.43

LEASE CORNERS

LOCATION	DESCRIPTION	STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)	STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)
NW CORNER 113-21	CALCULATED CORNER	N = 10608193.35 E = 1104106.07	LAT: 31.71537540° N LONG: 104.16950543° W	N = 765617.21 E = 807645.06	LAT: 31.71525031° N LONG: 104.16847064° W
NE CORNER 113-21	CALCULATED CORNER	N = 10608014.51 E = 1109374.32	LAT: 31.71538220° N LONG: 104.15199864° W	N = 765438.35 E = 812913.25	LAT: 31.71525699° N LONG: 104.15151943° W
SE CORNER 113-21	RAIL ROAD SPIKE	N = 10602645.51 E = 1109176.56	LAT: 31.70061289° N LONG: 104.15204165° W	N = 760069.44 E = 812715.45	LAT: 31.70048741° N LONG: 104.15156284° W
SW CORNER 113-21	4" CEDAR POST	N = 10602823.48 E = 1103910.46	LAT: 31.70060388° N LONG: 104.16898381° W	N = 760247.42 E = 807449.40	LAT: 31.70047850° N LONG: 104.16850424° W
SE LEASE CORNER	CALCULATED CORNER	N = 10598725.10 E = 1109046.52	LAT: 31.68962970° N LONG: 104.15202689° W	N = 756149.08 E = 812585.38	LAT: 31.68970401° N LONG: 104.15154804° W
SOUTHERLY LEASE CORNER	CALCULATED CORNER	N = 10598229.09 E = 1108109.45	LAT: 31.68837854° N LONG: 104.15498301° W	N = 755653.09 E = 811648.32	LAT: 31.68825284° N LONG: 104.15450408° W
SOUTHERLY LEASE CORNER	CALCULATED CORNER	N = 10601127.04 E = 1105445.23	LAT: 31.69608846° N LONG: 104.16386408° W	N = 758551.00 E = 808984.14	LAT: 31.69596297° N LONG: 104.16338474° W
SOUTHERLY LEASE CORNER	CALCULATED CORNER	N = 10601295.78 E = 1105189.81	LAT: 31.69627188° N LONG: 104.16470350° W	N = 758719.74 E = 808728.73	LAT: 31.69640241° N LONG: 104.16422413° W
SW LEASE CORNER	CALCULATED CORNER	N = 10601527.32 E = 1103865.69	LAT: 31.69703860° N LONG: 104.16896398° W	N = 758951.28 E = 807404.63	LAT: 31.69691316° N LONG: 104.16850446° W

GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.

2. PROJECT COORDINATE SYSTEM: TEXAS STATE PLANE, CENTRAL ZONE, NAD83. U.S. FEET AS DETERMINED BY GPS OBSERVATION.

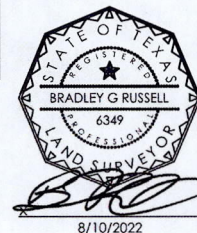
3. ALL NAD27 COORDINATES WERE DERIVED USING THE NADCON CONVERSION MODEL.

REVISION
0 FINAL PLAT 1/27/22
1 ADD PERF FOOTAGE 8/10/22

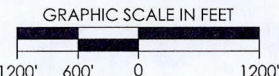
BPX OPERATING COMPANY

HS STATE 113-21X111-4 W108H
S.H.L. IN PSL A-5115 & B.H.L. IN PSL A-1852
CULBERSON COUNTY, TEXAS
FINAL AS-DRILLED PLAT

SCALE: 1" = 1200'	CHECKED BY: NPE	APPROVED BY: LD
PLOT DATE: 08/10/2022	DRAWN BY: MF	SHEET NO.: 1 OF 1



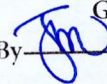
NOTE: THIS IS NOT A BOUNDARY SURVEY AS DEFINED BY STATE OR LOCAL LAWS. THE BOUNDARY AND DRILLING UNIT LINES SHOWN HEREON ARE ONLY APPROXIMATE BASED ON INFORMATION SUPPLIED TO THE SURVEYOR BY THE CLIENT. ALTHOUGH THEY ARE PLACED AS ACCURATELY AS POSSIBLE BASED ON AVAILABLE INFORMATION, NO FIELD SURVEY WAS CONDUCTED BY THE SURVEYOR TO VERIFY THE ACCURACY OF THE BOUNDARY LINES SHOWN. ONLY THE SURFACE HOLE POSITIONS WERE FIELD LOCATED BY THE SURVEYOR.



File No. MF111134
Culberson County

iNut12183-API42-109-33684

Date Filed: 11/16/2022

By  George P. Bush, Commissioner

bpx energy

bp



MF11113 = Base File

Ret all
below

BP America Production Company
BPX Energy Inc.
Permian Land Department
1700 Platte Street
Denver, CO 80202

April 12, 2023

Texas General Land Office
Attn: Energy Resources
1700 North Congress Avenue
Austin, TX 78701

Finish
Yellow

Surface
Damages

Done 4/14/23
5/2/23

RE:

Surface Damage Payment – Electric Line
Horseshoe Springs Electric Line

MF113061A, MF111133, MF111132, MF111134, MF113603,
MF113602, MF113598, MF113601, MF113597, MF113599, MF113597,
MF113596, MF113604
Culberson County, Texas

Dear Texas General Land Office,

Enclosed herein, please find **Check No. 69000000322** in the amount of **\$497,048.75** covering electric lines on the subject property, which is outlined below:

Electric Line:	(3,976.00 rods) x (\$250.00/rod) =	\$994,097.50
Total Damages:	=	\$994,097.50
Total paid to Agent of the State:	(\$994,097.50 x 0.50) =	\$497,048.75
Total paid to the State of Texas:	=	\$497,048.75

Should you have any questions or need additional assistance regarding this matter, please don't hesitate to contact me at the telephone numbers or email address listed below.

Respectfully,

Cameron Finger

Cameron Finger
Surface Land Negotiator
Office: (303) 731-8260
Mobile: (720) 697-9363
Cameron.Finger@bpx.com

Contents of Mineral File Number: M-111132

10. Memo to Comm. ss. DNV 4/2/19
11. 2019 Plan of Dev. for the
Horseshoe Springs State Unit ODA #4 4/2/19
Scanned PJ 4-12-2019
12. Memo to Deputy Commissioner ODA #4 5/26/21
43. ODA #4 Plan of Development for Unit
Year 8 5/26/21
Scanned JG 6/2/2021
44. Surface Damage Pmt 10-18-2021
Scanned JW 11-3-2021
45. Surface Damages 3-9-22
Scanned VG 3/15/2022
46. Clarification And Correction of
Amended Unit Agreement #06763
Horseshoe Springs State Unit 4/24/23
Scanned gm 05/01/2023
47. Surface Damages 5/10/23

File No.

MF111134

21

Surface Damage County

Date Filed:

5/12/23

Commissioner Dawn Buckingham, M.D.

By:

